

TENNESSEE STATE SCHOOL BOND AUTHORITY

A Component Unit of the State of Tennessee



*Comprehensive Annual Financial Report
For the Year Ended June 30, 2004*

Tennessee State School Bond Authority Comprehensive Annual Financial Report For the Year Ended June 30, 2004

PHIL BREDESEN, Governor and Chairman



A Component Unit of the State of Tennessee

Prepared by the Comptroller of the Treasury, Division of Bond Finance

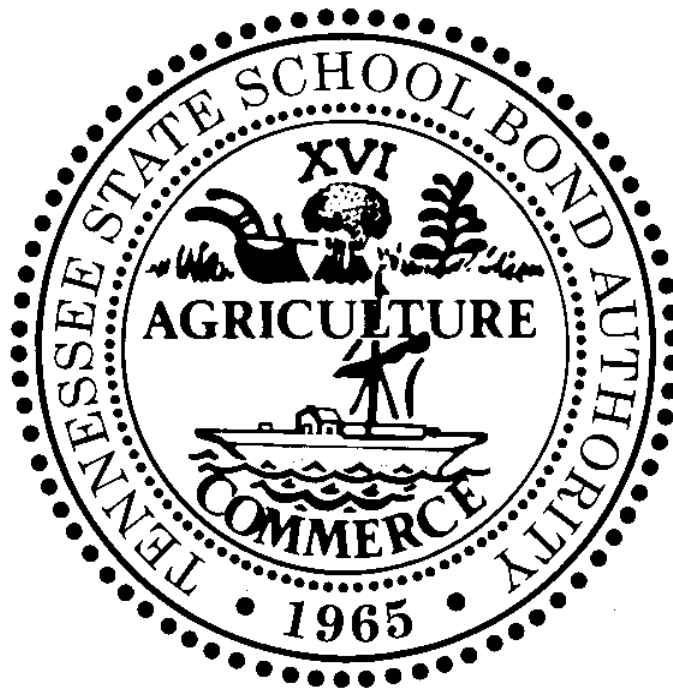
Mary-Margaret Collier
Director, Division of Bond Finance
and
Assistant Secretary, TSSBA

**TENNESSEE STATE SCHOOL BOND AUTHORITY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2004**

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INTRODUCTORY SECTION





TENNESSEE STATE SCHOOL BOND AUTHORITY

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NASHVILLE, TENNESSEE 37243-0273

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Governor Phil Bredesen, Chairman

John G. Morgan, Secretary

November 29, 2004

The Honorable Phil Bredesen, Governor and Chairman
and
Members of the Tennessee State School Bond Authority

I am pleased to submit the Comprehensive Annual Financial Report of the Tennessee State School Bond Authority (the "Authority"), a component unit of the State of Tennessee, for the fiscal year ended June 30, 2004. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Authority. All disclosures necessary to enable the reader to gain an understanding of the Authority's financial activities have been included.

This letter of transmittal is designed to complement Management's Discussion and Analysis and should be read in conjunction with it. The Authority's Management's Discussion and Analysis can be found on pages 3 - 9 of this report.

BUSINESS ENVIRONMENT

Legal Authority

The Tennessee State School Bond Authority, created in 1965, is a corporate governmental agency and instrumentality of the State of Tennessee whose purpose is to finance capital projects for state institutions of higher education located in Tennessee and to finance projects approved pursuant to the Qualified Zone Academy Bond Program of the federal government. The Authority has no taxing power. Pursuant to Section 49-3-1204, *Tennessee Code Annotated* ("T.C.A."), the Governor serves as Chairman and the Comptroller of the Treasury serves as Secretary to the Authority.

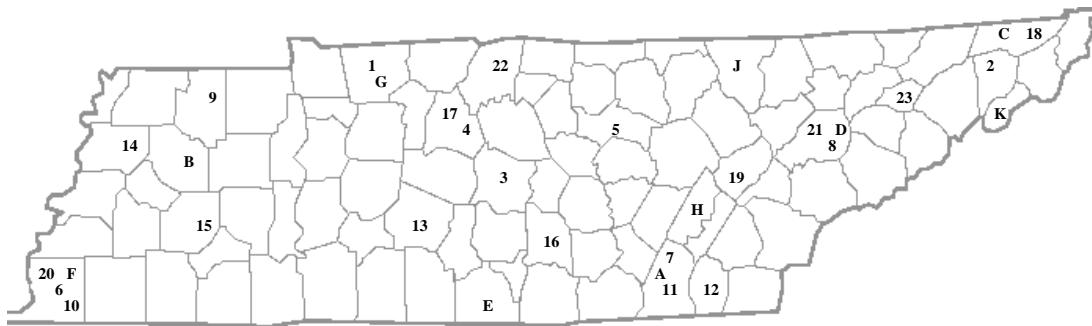
Higher Education Facilities Programs. Pursuant to the General Higher Educational Facilities Bond Resolution adopted in May 1967 ("1967 Resolution"), bonds were issued to provide funds to make loans to the institutions of higher education. In April 1998, the Authority adopted the Higher Educational Facilities Second Program General Bond Resolution ("1998 Resolution") with the same purpose. At that time, the 1967 Resolution was closed, and all bonds are now issued pursuant to the 1998 Resolution. Projects financed by the Authority must be revenue producing. The Annual Financing Charge for a project includes a debt service as well as an administrative component. The Authority has financed a variety of projects including dormitories, athletic facilities, parking facilities and major equipment purchases among others. These projects could be contrasted with capital projects for basic education needs such as classrooms and libraries that are funded from the proceeds of the State's general obligation bonds.

In 1997, the Authority approved a Commercial Paper Resolution that authorizes the issuance of up to \$150 million. The Commercial Paper is used to fund higher education facilities projects during the construction phase. When the projects are placed in service, long-term, fixed-rate debt is issued to finance the project over its useful payback period and the commercial paper is redeemed. Certain equipment and property acquisitions are financed

solely within the commercial paper program. Equipment financed solely within the commercial paper program has a useful life of five to seven years.

Qualified Zone Academy Bond Program. In 1999, the General Assembly empowered the Authority to issue Qualified Zone Academy Bonds (“QZAB”) throughout the State pursuant to program requirements approved by the Congress of the United States in Section 226 of the Taxpayer’s Relief Act of 1997. These bonds are a part of a federal government program in which a Federal income tax credit is given to investors in lieu of interest payments on the bonds. These bonds are issued under the provisions of the Authority’s Qualified Zone Academy Bonds First Program Resolution. They are not supported by either the 1967 Resolution or the 1998 Resolution. Through this program, loans are provided to local education agencies to fund the renovation of classroom buildings and to purchase equipment to enhance learning opportunities. Funding for this program is limited to the amount allocated by the federal government.

The Borrowers



Eligible Higher Education Institutions

1	Austin Peay State University	13	Columbia State Community College
2	East Tennessee State University	14	Dyersburg State Community College
3	Middle Tennessee State University	15	Jackson State Community College
4	Tennessee State University	16	Motlow State Community College
5	Tennessee Technological University	17	Nashville State Technical Community College
6	University of Memphis	18	Northeast State Technical Community College
7	University of Tennessee at Chattanooga	19	Roane State Community College
8	University of Tennessee at Knoxville	20	Southwest Tennessee Community College
9	University of Tennessee at Martin	21	Pellissippi State Technical Community College
10	University of Tennessee Health Science Center at Memphis	22	Volunteer State Community College
11	Chattanooga State Technical Community College	23	Walters State Community College
12	Cleveland State Community College		

Participating QZAB Local Education Agencies

A	Hamilton County Schools	F	Memphis City Schools
B	Humboldt City Schools	G	Montgomery County Schools
C	Kingsport City Schools	H	Rhea County Schools
D	Knox County Schools	J	Scott County Schools
E	Lincoln County Schools	K	Unicoi County Schools

Higher Education Facilities Programs. Public higher education in Tennessee is coordinated by the Tennessee Higher Education Commission and consists of two systems: The University of Tennessee campuses governed by the University of Tennessee Board of Trustees and the state universities, community colleges, technical institutes and state technology centers governed by the Tennessee Board of Regents of the State University and Community College System of Tennessee. The Boards are governing bodies for all public higher education in Tennessee.

The University of Tennessee has four campuses (at Knoxville, Martin, Memphis, and Chattanooga), with 33 colleges, schools and divisions, all of which constitute a single “Institution”. The Tennessee Board of Regents governs the State University and Community College System. It currently includes six universities, 13 community colleges, and 26 state technology centers. The technology centers are not permitted to borrow from the Authority.

The Authority and each Board have entered into separate financing agreements under which the Authority agrees to finance projects and the respective boards agree to make payments to the Authority of among other amounts, (i) Annual Financing Charges for the payment of debt service on the Bonds and certain other purposes and (ii), if necessary in connection with the bonds or notes issued for a project for an institution, amounts appropriated by the General Assembly of the State for the operation and maintenance of the related institution.

Under each financing agreement, the relevant board covenants and agrees to establish and collect fees and charges at each institution at a level sufficient to produce in each fiscal year no less than two times the amount required for the payment of the aggregate of financing charges.

Qualified Zone Academy Bond Program. In Tennessee, local education agencies do not have taxing power. The power to tax is vested in cities and counties. Local education agencies receive their funding from the city and/or county where they are located. To receive a QZAB loan, a local education agency, in cooperation with its city or county must complete an application provided by the Tennessee Department of Education. The Department of Education reviews the applications and recommends to the Authority those projects it deems worthy of funding. Each local education agency enters into a loan agreement with the Authority under which, the Authority agrees to finance the projects and the respective city or county agrees to repay the loan.

Future Outlook

Enrollment Trends in Higher Education. Enrollment, on a full-time equivalent basis, in public institutions of higher education has increased 12.8% over the past ten years. The number of graduates produced by public and private high schools in Tennessee is expected to remain fairly constant through 2006, but then is expected to grow over the next four years by about 4,000 graduates. The citizens of Tennessee, in the November 2002 General Election, approved an amendment to the state constitution that enabled the Legislature to enact legislation creating a lottery, the proceeds of which are to be used to fund higher education scholarships to worthy students enabling more Tennesseans to attend college. As a result of the lottery over forty thousand students received such scholarships in the fall of 2004. The growing demand will guarantee that the higher education system will sustain its long-term debt commitments well into the future.

Infrastructure Demand, K-12 Education. The Tennessee Advisory Commission on Intergovernmental Relations (“TACIR”) reports that the demand for improvements to existing schools and for technology upgrades total over \$1.7 billion in the next five years. The State has been allocated in 2004 \$9.182 million of QZABs to aid in funding of this demand. It is expected that the State will receive a similar amount in 2005. These bonds carry a general obligation pledge of the local community. The Authority also has the power to intercept state-shared taxes should the community fail to make timely debt service payments.

FINANCIAL INFORMATION

Budget. The Authority has no formally approved operating budget. However, controls are in place to assure financial compliance for each project. All loans made and bonds issued must be approved by the Authority in public meetings. T.C.A. § 49-3-1201 et. seq. permits the Authority to make and collect charges from the borrowers for all fees and charges that it determines to be reasonable. These fees and charges include but are not limited to: costs of issuance for bonds, other financial fees such as the cost of bond insurance, liquidity facilities, trustee fees, and administrative costs of staff. All such fees and charges are independently audited for reporting and compliance purposes.

Financial Statements. A discussion of the financial statements is included on pages 6 - 8 in the Management's Discussion and Analysis section of this Comprehensive Annual Financial Report.

Cash Management. Permitted investments are identified in the various bond and note resolutions. Unexpended bond and note proceeds are invested by the State Treasurer in the State Investment Pool. Decisions on investments in the debt service reserve fund are made by the State Treasurer's staff in consultation with the staff to the Authority and the Trustee. Investments of moneys held in the debt service reserve fund are held by the trustee. Investments are classified by custodial risk in the Notes to the Financial Statements, Note 2, of this report.

OTHER INFORMATION

Securities and Exchange Commission Disclosures. The Tennessee State School Bond Authority has entered into a Continuing Disclosure Undertaking ("Undertaking") with respect to certain debt issues. The Undertaking was made for the benefit of the holders of the debt pursuant to U.S. Securities and Exchange Commission Rule 15c2-12. The Authority has covenanted to provide certain annual financial information, including audited financial statements, as well as, certain additional financial and operating data. Financial and operating data required pursuant to the Undertakings is included in the Comprehensive Annual Financial Report of the State of Tennessee, not in this report. The reader of the State's Comprehensive Annual Financial Report should use the index located at the end of that report to identify the specific pages where the information is presented.

Independent Audit. T.C.A. § 4-3-304 requires that the department of audit performs currently a post-audit of all accounts and other financial records of the state government, and any department, institution, office or agency thereof in accordance with generally accepted auditing standards and in accordance with such procedures as may be established by the comptroller of the treasury.

Independent Audit Committee. As a result of the fraud-related business failures of companies such as Enron and WorldCom in recent years, Congress and the accounting profession have taken aggressive measures to try to detect and prevent future failures related to fraud. These measures have included the signing of the Sarbanes-Oxley Act of 2002 by the President of the United States and the issuance of Statement on Auditing Standards No. 99 by the American Institute of Certified Public Accountants. This new fraud auditing standard has not only changed the way auditors perform audits but has also provided guidance to management and boards of directors on creating antifraud programs and controls. This guidance has included the need for an independent audit committee. As a result, the Authority appointed an independent audit committee on August 12, 2004.

Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Tennessee State School Bond Authority for its comprehensive annual financial report for the fiscal year ended June 30, 2003. This was the second consecutive year that the Authority has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

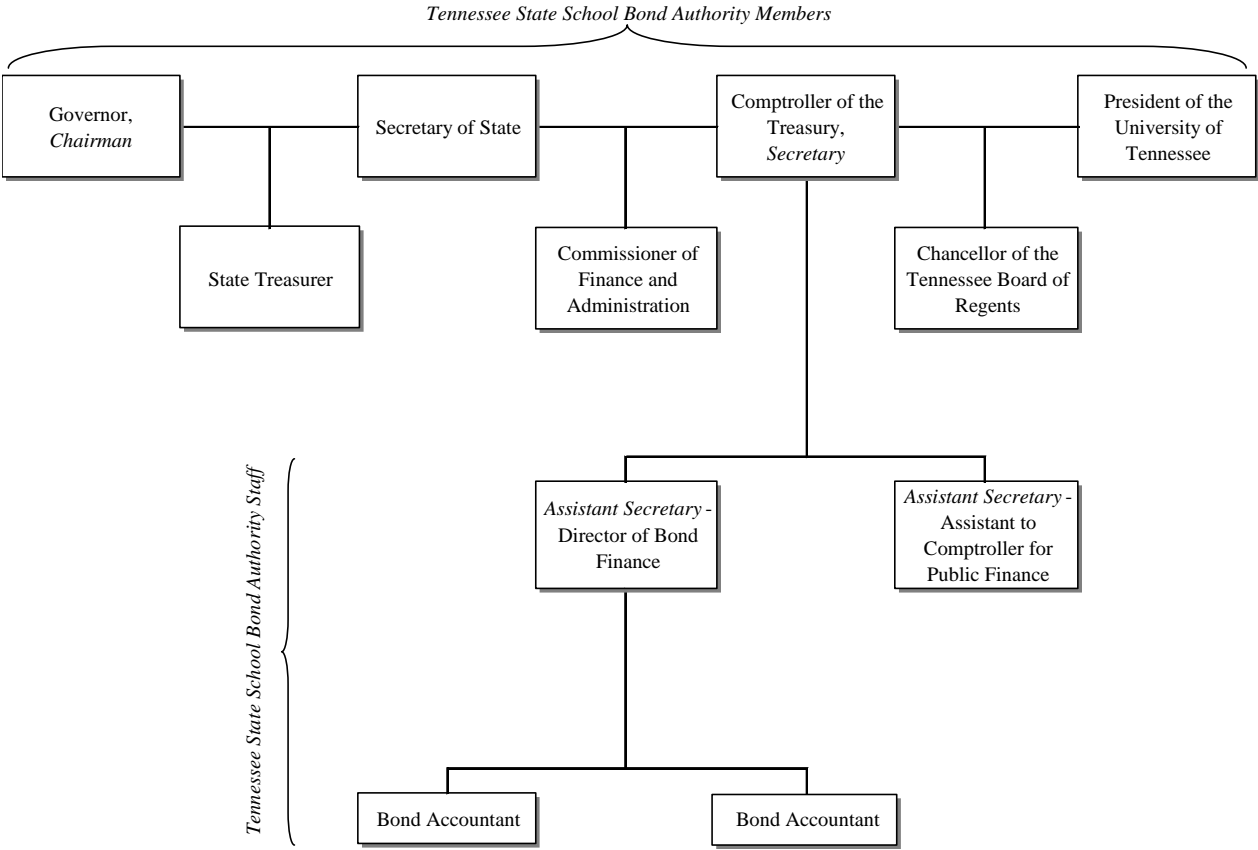
Acknowledgements. The preparation of the comprehensive annual financial report was made possible by the dedication of the staff of the Division of Bond Finance in the Office of the Comptroller of the Treasury.

Respectfully submitted,

A handwritten signature in black ink that reads "Mary Margaret Collier". The signature is written in a cursive style with a large, stylized "M" and "C".

Mary Margaret Collier, Assistant Secretary
Tennessee State School Bond Authority

Tennessee State School Bond Authority
Organization Chart





TENNESSEE STATE SCHOOL BOND AUTHORITY

MEMBERS

Phil Bredeesen, Governor, *Chairman*

John G. Morgan, Comptroller of the Treasury, *Secretary*

Riley C. Darnell, Secretary of State

Dale Sims, State Treasurer

Dave Goetz, Commissioner of Finance and Administration

Dr. John Petersen, President of the University of Tennessee

Dr. Charles Manning, Chancellor of the Tennessee Board of Regents

STAFF

Mary-Margaret Collier, Director of Bond Finance, *Assistant Secretary*

Ann V. Butterworth, Assistant to Comptroller for Public Finance, *Assistant Secretary*

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Tennessee State School Bond Authority

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2003

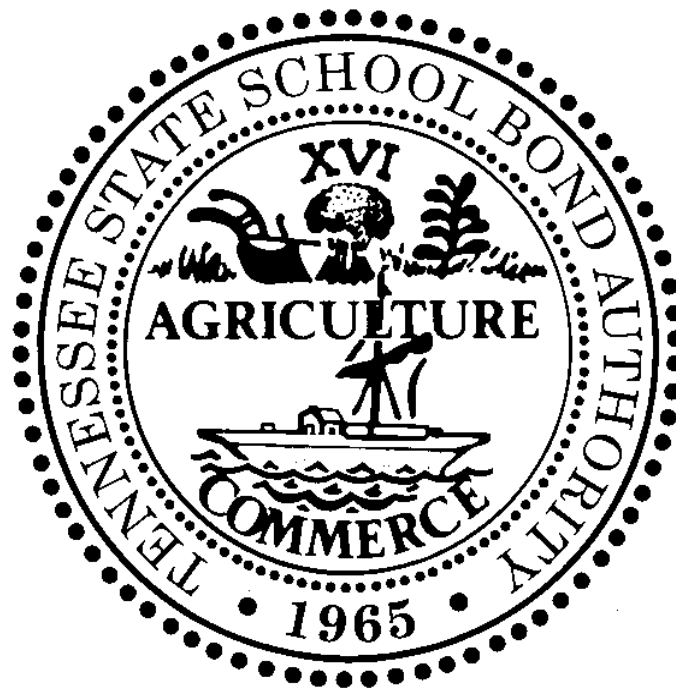
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

FINANCIAL SECTION





**STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF STATE AUDIT**

**SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-0264
PHONE (615) 401-7897
FAX (615) 532-2765**

Independent Auditor's Report

November 29, 2004

The Honorable John G. Morgan
Comptroller of the Treasury
State Capitol
Nashville, Tennessee 37243

Dear Mr. Morgan:

We have audited the accompanying statements of net assets of the Tennessee State School Bond Authority, a component unit of the State of Tennessee, as of June 30, 2004, and June 30, 2003, and the related statements of revenues, expenses, and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements, based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion. Tennessee statutes, in addition to audit responsibilities, entrust certain other responsibilities to the Comptroller of the Treasury. Those responsibilities include serving as a member of the board of directors of the Tennessee State School Bond Authority; approving accounting policies of the state as prepared by the state's Department of Finance and Administration; approving certain Authority contracts; maintaining the accounting records for the Tennessee State School Bond Authority; and providing support staff to the Authority.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2004, and June 30, 2003, and the changes in its financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 3 through 9 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of

The Honorable John G. Morgan
November 29, 2004
Page Two

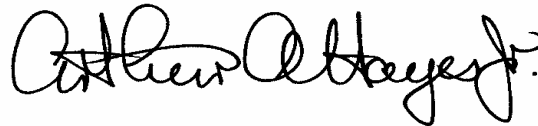
management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements, taken as a whole. The accompanying financial information on pages 31 through 33 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The introductory section on pages i through viii and statistical section on pages 37 through 49 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2004, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, and contracts (including bond resolutions) and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Sincerely,

A handwritten signature in black ink, reading "Arthur A. Hayes, Jr." in a cursive script.

Arthur A. Hayes, Jr., CPA
Director

AAH/rrp

Management's Discussion and Analysis

As management of the Tennessee State School Bond Authority (the "Authority"), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2004. These activities are compared to the results of the fiscal years ended June 30, 2003, and 2002. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i - v of this report.

Program Activity Highlights

The Authority's purpose is to provide loans to the State's higher education institutions and to local education agencies ("LEAs") through Qualified Zone Academy Bonds ("QZABs"). The tables below summarize this business activity.

	Higher Education Facilities Programs		
	2004	2003	2002
Number of institutions with outstanding loans	14	14	12
Total number of outstanding loans	208	200	192
Balance of outstanding loans	\$ 477,867,414	\$ 454,172,896	\$ 416,263,828
Number of loans approved in fiscal year	20	15	10
Dollar value of loans approved in fiscal year	\$ 113,686,550	\$ 82,014,000	\$ 56,815,000
Dollar value of loans approved in fiscal year - unfunded	\$ 109,417,744	\$ 76,770,858	\$ 55,358,652
Dollar value of loans issued in fiscal year	\$ 46,155,418	\$ 58,677,534	\$ 56,609,920
Bonds issued in fiscal year	\$ 165,770,000	\$ -	\$ 119,135,000
Commercial paper issued in fiscal year	\$ 39,000,000	\$ 42,300,000	\$ 33,100,000

	Qualified Zone Academy Bond Program		
	2004	2003	2002
Number of LEAs with outstanding loans	10	9	9
Total number of outstanding loans	12	10	10
Balance of outstanding loans	\$ 17,375,137	\$ 13,555,514	\$ 9,484,761
Number of loans approved in fiscal year	2	-	3
Dollar value of loans approved in fiscal year	\$ 2,445,000	\$ -	\$ 11,330,000
Dollar value of loans approved in fiscal year - unfunded	\$ 1,732,093	\$ -	\$ 10,588,577
Dollar value of loans issued in fiscal year	\$ 5,205,991	\$ 5,383,748	\$ 4,646,695
Bonds issued in fiscal year	\$ 2,445,000	\$ -	\$ 11,330,000

The financial statements and the analysis provided in the remainder of this report reflect the financial results of this activity. For more specific financial information on long-term debt activity, see Note 5, Debt Payable, on pages 20 - 26 of the Notes to the Financial Statements.

Debt Administration

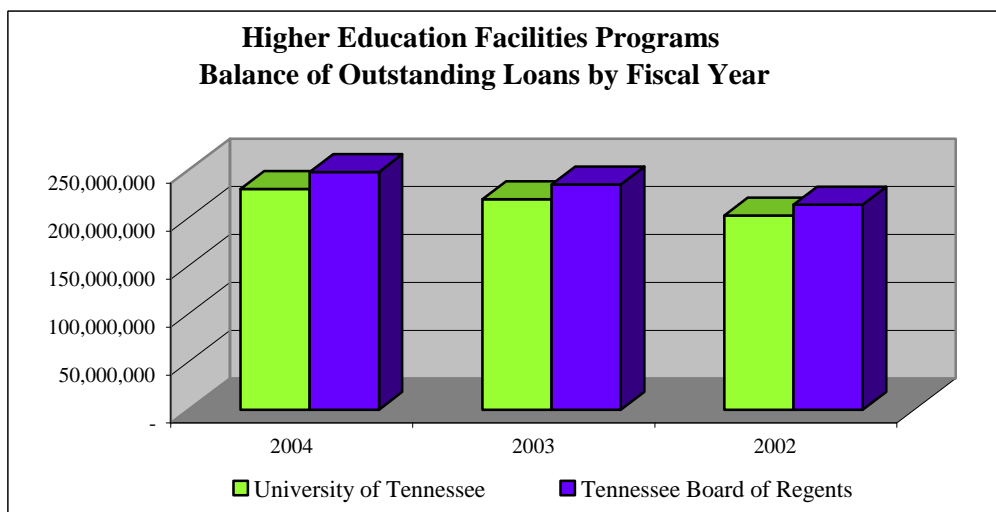
Pursuant to Section 49-3-1201 et seq., *Tennessee Code Annotated*, the General Assembly of the State created the Tennessee State School Bond Authority to issue bonds and notes to fund capital projects for the higher education institutions including both four-year institutions and two-year community colleges as well as to issue the QZABs on behalf of local education agencies throughout the State.

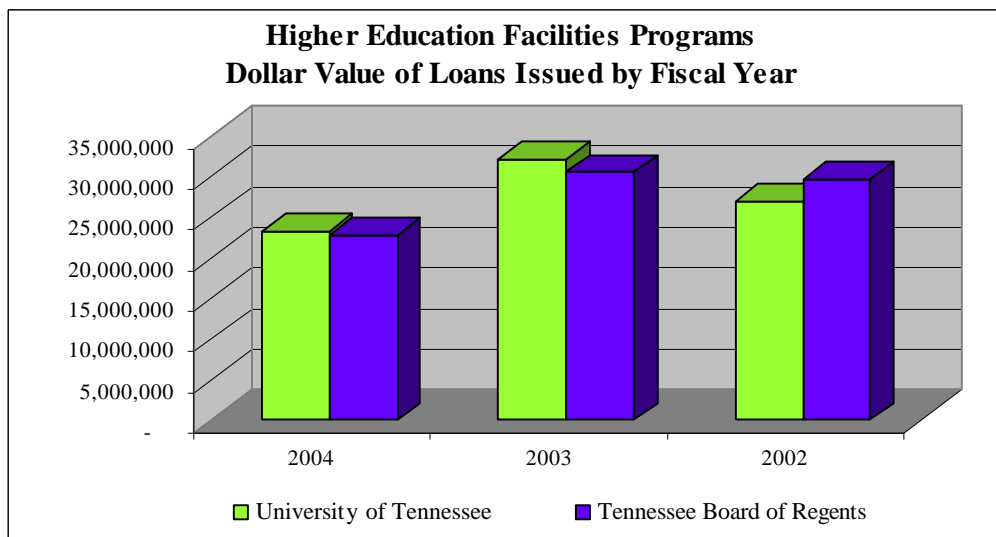
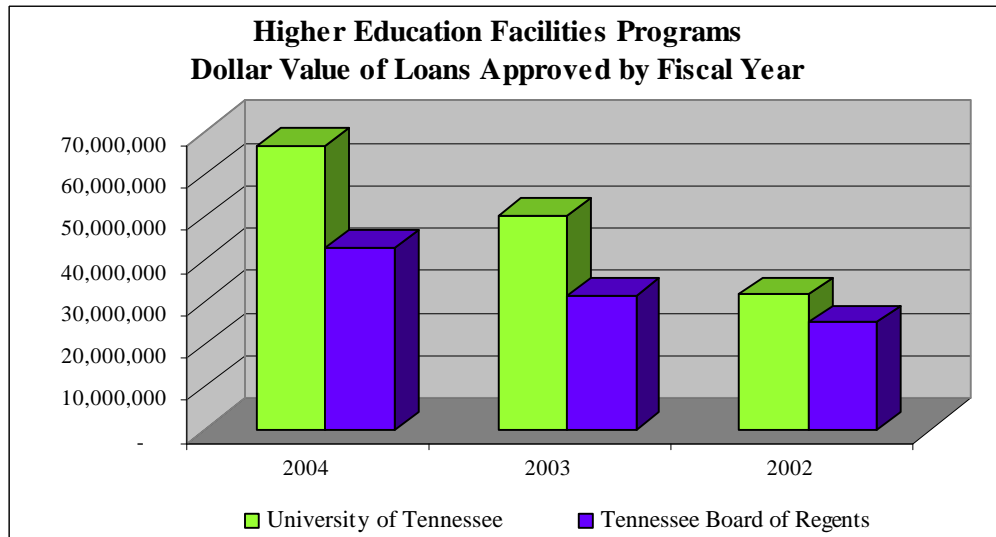
Higher Education Facilities Programs. An analysis of the financial feasibility of each loan application is undertaken before it is approved by the Authority. Each higher education system (the University of Tennessee and the Tennessee Board of Regents) must include in its annual budget sufficient funds to repay total debt service. This pledge is a gross revenue pledge of the institution and its system. The Authority is also authorized by statute to intercept the state appropriation to that institution and system if the institution fails to make timely debt service payments to the Authority.

Under the financing program for higher education institutions, a project is generally funded through the Authority's commercial paper program during its construction phase. When projects totaling \$50 million or greater are completed or near completion, the Authority fixes the interest rate for the term of the project by issuing long-term debt. Commercial paper interest rates ranged from 0.75% to 1.28% during the fiscal year 2004, 0.85% to 1.85% in fiscal year 2003 and 1.2% to 3.0% in fiscal year 2002. These rates were a function of the term of the commercial paper and a volatile capital market.

Liquidity for the commercial paper program is provided by an Advance Agreement with Westdeutsche Landesbank. The commitment fee is .195% paid quarterly in arrears. The Agreement expires on March 7, 2005. If the liquidity facility is called upon, the Authority has ninety days to repay the advance from the facility. Should the Authority fail to repay the loan within the ninety-day period, the loan converts to a term loan with the bank with four semi-annual payments. Thus, the commercial paper is reported as a long-term liability.

Interest rates on the higher educational facilities long-term fixed-rate bonds range from a low of 1.30% to a high of 7.75%. By pooling the financing of their capital needs, management believes that economic efficiencies of a single large borrowing administered by one agency were achieved. The creditworthiness of both large and small institutions is homogenized into one credit resulting in a lower cost of borrowing and providing a more equitable cost to students who repay the debt through their student debt service fees throughout the state. Additional benefits accrue to the higher education institutions and the two systems by having one point of debt issuance and administration for all institutions of higher education throughout the state.

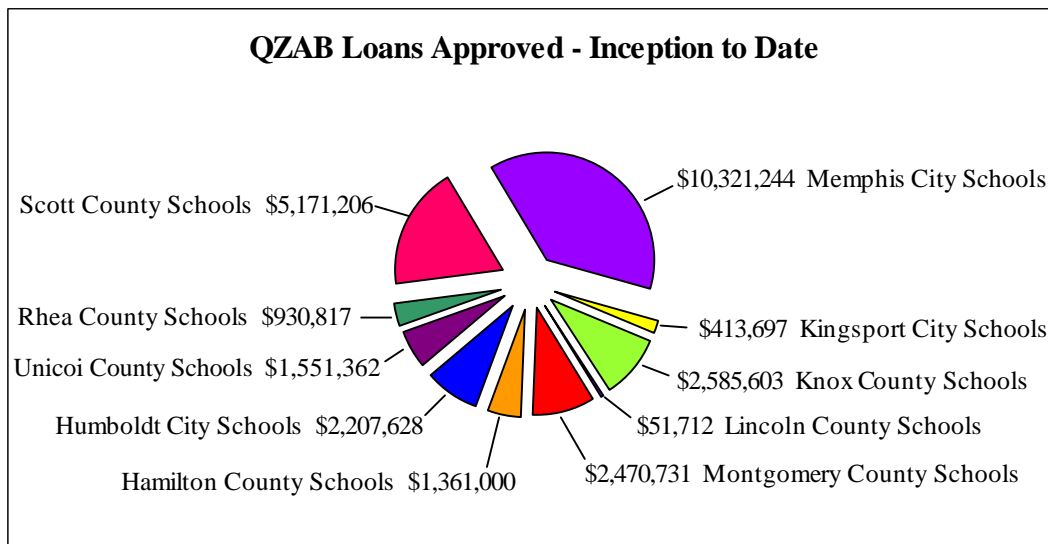




The Authority's higher education facilities program is rated AA, Aa3, and AA- by Fitch, Moody's Investors Service and Standard & Poor's Rating Group, respectively. Fitch comments that the rating reflects the broad coverage provided by higher education fees and charges, the provision to intercept state appropriations and the State's intrinsic role in the Authority and its financings as the reason for the AA rating. Moody's mentions that the rating of Aa3 reflects a strong demand for the state's educational institutions, support derived from the state's high rating, and the structural provisions of the program. Standard & Poor's cites the broad pledge of fees and revenue, the intercept of the state appropriation and the underlying strong operating support as reasons for the AA - rating.

Qualified Zone Academy Bond Program. The QZAB program is a capital financing program originally authorized by the federal government under the Taxpayer Relief Act of 1997, Section 227(a). A QZAB is a taxable bond issued by the State, whose proceeds are used to finance certain eligible public schools' renovation projects and equipment purchases. During the time the bond is outstanding, an eligible holder of a QZAB is generally allowed annual federal income tax credits in lieu of receiving periodic interest payments from the issuer. These credits compensate the holder for lending money to the borrower and function as payments of interest on the bonds. The Tennessee Department of Education distributes the application for a QZAB allocation to all local education agencies in the State. The Department recommends those projects that best meet the requirements of the program to the Authority for funding.

The local education agencies and the city or county supporting the agency must provide a general obligation pledge to the Authority for the repayment of its loans. The Authority is authorized to intercept the local community's state-shared taxes, should the local education agency/local government fail to repay its loan timely.



Overview of the Financial Statements

The Authority is a discretely presented component unit of the State of Tennessee and uses proprietary fund accounting. The financial statements are prepared in conformity with accounting principals generally accepted in the United States of America using the accrual basis of accounting and the flow of economic resources measurement focus. This basis recognizes revenues when earned and expenses at the time liabilities are incurred. Using the economic resources measurement focus, a reader is presented information that allows him to determine the transactions and events that have increased or decreased the total economic resources for the period.

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements comprise two components: 1) the basic financial statements and 2) notes to the financial statements. The basic financial statements consist of the Statement of Net Assets, Statement of Revenues, Expenses and Changes in Net Assets, and the Statement of Cash Flows.

The Statements of Net Assets found on page 13 depict the Authority's financial position at June 30, 2004, and June 30, 2003. The Statements of Revenues, Expenses and Changes in Net Assets found on page 14 show the results of operations and the change in net assets for the years presented. The Statements of Cash Flows found on pages 15 - 16 summarize the sources and uses of cash for the fiscal years presented. These statements are accompanied by notes to the financial statements that provide information that is essential to the reader's understanding of the financial statements. The Authority's basic financial statements are followed by supplementary information containing the financial statement information at the program level.

Financial Analysis of the Authority

Standard indicators of financial success are not applicable to the Authority. The financial goal of the Authority is to provide timely access to the capital markets for qualified educational institutions at the lowest possible cost. The Authority successfully achieved this goal. The Authority frequently entered the short-term market with great success. Likewise, when long-term debt was sold in 2004, at competitive sale, seven syndicates placed bids for the offered bonds. There were no incidents requiring the Authority to draw from the debt service reserve fund or refuse a loan from an applicant due to the inability to obtain capital funding.

Statements of Net Assets Summary (in thousands)			
	2004	2003	2002
Current assets	\$ 86,801	\$ 54,377	\$ 83,019
Noncurrent assets	493,461	463,491	421,518
Total assets	580,262	517,868	504,537
Current liabilities	27,529	32,081	27,032
Noncurrent liabilities	546,553	479,617	469,554
Total liabilities	574,082	511,698	496,586
Net assets (unrestricted)	\$ 6,180	\$ 6,170	\$ 7,951
Note: The Authority owns no capital assets.			

Current assets include approximately \$51,233,000 of unexpended bond proceeds and commercial paper at June 30, 2004 that will fund approved loans, as compared to approximately \$14,508,000 at June 30, 2003 and approximately \$46,292,000 in the fiscal year 2002. During the year ended June 30, 2004, the Authority issued \$165,770,000 in Higher Education Facilities Second Program Bonds of which \$67,965,000 was used to refund a portion of the 1987 and 1996A bonds that resulted in net present value savings of \$4,044,540. Qualified Zone Academy Bonds also issued \$2,445,000 during the year ended June 30, 2004. However, during the year ended June 30, 2003, the Authority did not issue any new long-term debt. Principal payments were made on the long-term bonds in the amount of \$22,911,000 in 2004; \$22,520,000 in 2003; \$20,218,000 in 2002. During 2004 the Authority issued \$39,000,000 in new commercial paper and redeemed \$53,591,000. The Authority issued \$42,300,000 of new commercial paper and redeemed \$9,310,000 during 2003 and issued \$33,100,000 in new commercial paper and redeemed \$79,620,000 during 2002.

The net assets are available to fund operations and other expenses necessary to meet the goals of the Authority. During the year ending June 30, 2004, net assets did not significantly change. The Authority elected to reduce net assets for the year ended June 30, 2003 by increasing its subsidy to borrowers. Certain administrative costs associated with bonded indebtedness of the higher education facilities program continues to be absorbed by the Authority.

Statements of Revenues, Expenses, and Changes in Net Assets Summary (in thousands)			
	2004	2003	2002
Operating Revenues			
Revenue from loans	\$ 22,956	\$ 24,927	\$ 21,553
Investment earnings	423	781	1,056
Total operating revenue	23,379	25,708	22,609
Operating Expenses			
Interest expense	22,273	24,445	21,165
Subsidy to borrowers	340	2,382	811
Other expenses	756	662	709
Total operating expenses	23,369	27,489	22,685
Operating income (loss) and change in net assets	\$ 10	\$ (1,781)	\$ (76)
Note: The Authority has no non-operating revenues or expenses.			

The Authority's operating expenses are supported by revenue from loans in the form of administrative fees, interest on loans and investment income earned on cash. Operating expenses include interest expense on outstanding bonds and commercial paper, administrative expenses, and the amortization of bond costs of issuance. The Authority elected to return the investment income that it earns on funds held by the Trustee and interest earned on unspent bond proceeds as a subsidy to its borrowers in the higher education facilities program. During 2003, the Authority had elected to provide an additional \$1.7 million in subsidy to its borrowers from its unrestricted net assets.

Pursuant to the bond resolution for the QZABs, Sinking Fund payments are invested in the Local Government Investment Pool (the "LGIP"). LGIP rates for 2004 ranged from 1.03% to 1.12%. Investment earnings related to the QZAB program are held by the Authority for the benefit of the local education agencies and credited to their individual loans annually.

The increase in operating income and change in net assets between the fiscal years 2004 and 2003 was affected by the savings from the 2004 refunding bond issuance, decrease in the amount given in subsidy to the Authority's borrowers, and from a stabilizing market. The decrease in the operating income and change in net assets between the fiscal years 2003 and 2002 was most affected by the additional subsidy given to its borrowers in 2003 and by a decrease in investment earnings in 2002. The investment earnings are a function of prevailing market interest rates and the daily invested balance.

Economic and Demographic Factors Affecting Future Financing Activities

Higher Education Facilities Programs. As Tennessee enters an economic era that emphasizes the human capital potential of its citizens rather than physical capital and natural resources, higher education must be positioned to serve the broader-based need for access to post-secondary education. A host of policy and environmental factors influence both demands for access and the means through which this demand will be met. These factors include:

- The advent of the Tennessee Education Lottery Scholarship program has allowed more Tennesseans to attend college. In fall 2004, over forty thousand students received such scholarships. Experience in states with similar programs indicates that Tennessee must re-examine its structural delivery of undergraduate education including the availability of facilities where learning occurs.
- Tennessee will experience sustained enrollment growth throughout the remainder of the decade as a result of the baby-boom echo. According to the Southern Regional Education Board, the number of high school graduates in the state of Tennessee will increase by more than 4000 students through the end of this decade. We anticipate that many of these students will matriculate through Tennessee's higher education system.
- The demographic composition of the state is changing dramatically and higher education must position itself to serve the needs of an increasingly diverse populace.

In the Knowledge Economy, the importance of receiving training beyond high school is significant. Presently, 19.6 percent of Tennesseans aged 25 and older hold a college degree, compared to the national average of 25.2 percent. In order to reach the average educational attainment levels of our border-states, Tennessee would need to immediately create more than 181,500 new college graduates. Furthermore, the percentage of adults in the state with an associate degree or some college in 2000 was 27.1 percent, in comparison with the national average of 29.6 percent. The availability of new and/or improved learning facilities near work and home will have a major impact on the State's success in achieving these goals.

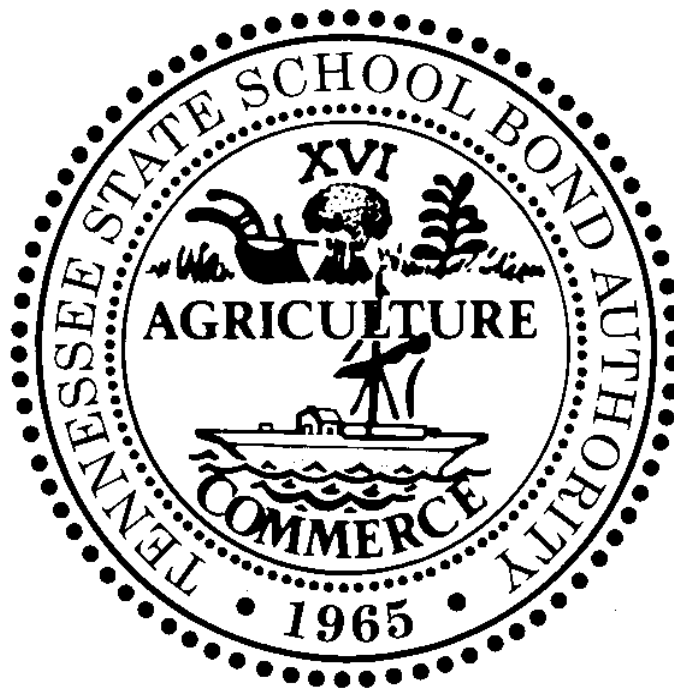
Qualified Zone Academy Bond Program. As of June 30, 2004, the QZAB program had unused allocations totaling \$17,695,000. Subsequent to the year ended June 30, 2004, the Authority issued QZAB bonds in the amount of \$12,600,000, dated November 24, 2004. The 2004 allocation made by the federal government to the Tennessee QZAB program totaled \$9,182,000.

The State has two years after the annual allocations are made by the federal government to issue bonds or the allocations are forfeited. As of November 29, 2004 the total unused allocation was \$14,277,000, which consisted of \$5,095,000 expiring on December 31, 2005 and \$9,182,000 expiring on December 31, 2006. The Authority staff

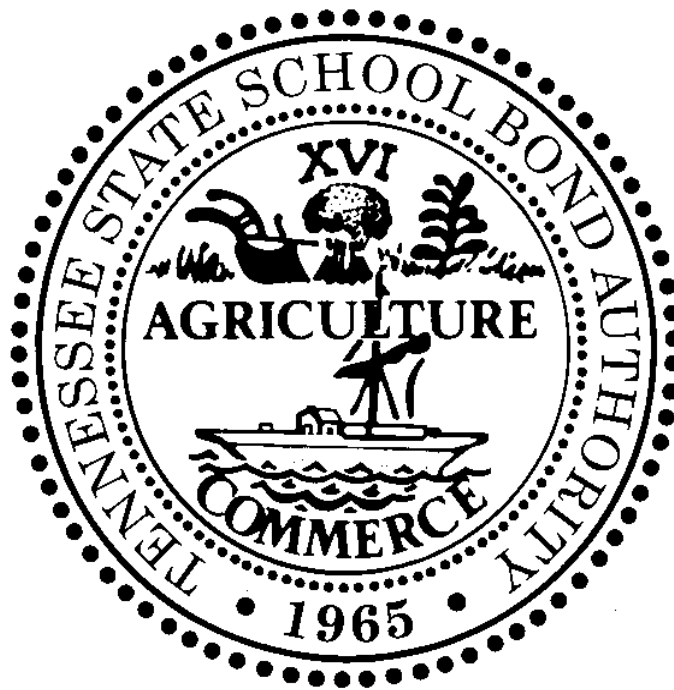
along with the staff of the State Department of Education encourages local education authorities, cities and counties to take advantage of these tax-free loans.

Contacting the Authority's Management Team

This discussion and analysis is designed to provide our citizens, education agencies, investors and creditors with a general overview of the Authority's finances and to demonstrate its accountability for the monies it receives. If you have questions about this report or need additional financial information, contact the Director of Bond Finance, State of Tennessee, Suite 1600, James K. Polk Building, Nashville, Tennessee 37243-0273, by phone (615) 401-7872, or visit our website at www.comptroller.state.tn.us/cpdivbf.htm.



BASIC FINANCIAL STATEMENTS



TENNESSEE STATE SCHOOL BOND AUTHORITY
STATEMENTS OF NET ASSETS
JUNE 30, 2004, AND JUNE 30, 2003

(Expressed in Thousands)

	<u>June 30, 2004</u>	<u>June 30, 2003</u>
ASSETS		
Current assets:		
Cash (Note 2)	\$ 58,222	\$ 25,567
Cash with fiscal agent (Note 2)	1	2
Investments with fiscal agent (Note 2)	5	5
Loans receivable (Note 3)	24,178	24,893
Interest receivable (Note 3)	4,024	3,645
Receivables for administrative fees (Note 3)	371	265
Total current assets	<u>86,801</u>	<u>54,377</u>
Noncurrent assets:		
Restricted cash (Notes 2 and 4)	5,299	3,878
Restricted investments (Notes 2 and 4)	11,601	12,968
Loans receivable (Note 3)	471,065	442,836
Deferred charges	5,496	3,809
Total noncurrent assets	<u>493,461</u>	<u>463,491</u>
Total assets	<u>580,262</u>	<u>517,868</u>
LIABILITIES		
Current liabilities:		
Due to higher education institutions	-	4,104
Due to local education authorities	-	87
Accrued interest payable	4,176	3,707
Deferred revenue (Note 6)	933	611
Bonds payable (Note 5)	22,420	23,572
Total current liabilities	<u>27,529</u>	<u>32,081</u>
Noncurrent liabilities:		
Deferred revenue (Note 6)	9,432	6,633
Commercial paper payable (Note 5)	32,156	46,747
Bonds payable (Note 5)	504,965	426,237
Total noncurrent liabilities	<u>546,553</u>	<u>479,617</u>
Total liabilities	<u>574,082</u>	<u>511,698</u>
NET ASSETS		
Unrestricted	<u>\$ 6,180</u>	<u>\$ 6,170</u>

The notes to the financial statements are an integral part of this statement.

TENNESSEE STATE SCHOOL BOND AUTHORITY
STATEMENTS OF REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2004, AND JUNE 30, 2003

(Expressed in Thousands)

	Year Ended June 30, 2004	Year Ended June 30, 2003
OPERATING REVENUES		
Revenue from loans	\$ 22,956	\$ 24,927
Investment earnings	423	781
Total operating revenues	<u>23,379</u>	<u>25,708</u>
OPERATING EXPENSES		
Interest expense-commercial paper	515	353
Interest expense-bonds	21,758	24,092
Subsidy to borrowers	340	2,382
Administrative expense	527	457
Amortization of bond issuance costs	<u>229</u>	<u>205</u>
Total operating expenses	<u>23,369</u>	<u>27,489</u>
Operating income (loss) and change in net assets	10	(1,781)
Net assets, July 1	<u>6,170</u>	<u>7,951</u>
Net assets, June 30	<u><u>\$ 6,180</u></u>	<u><u>\$ 6,170</u></u>

The notes to the financial statements are an integral part of this statement.

TENNESSEE STATE SCHOOL BOND AUTHORITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2004, AND JUNE 30, 2003

(Expressed in Thousands)

	Year Ended June 30, 2004	Year Ended June 30, 2003
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from borrowers for administrative fees	\$ 268	\$ 349
Payment to suppliers	(527)	(457)
Receipts from borrowers to the interest rate reserve fund	183	171
Payments to borrowers from the interest rate reserve fund	(30)	(354)
Net cash used in operating activities	(106)	(291)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Proceeds from sale of bonds	101,527	-
Proceeds from sale of refunding bonds	70,377	-
Proceeds from sale of commercial paper	39,000	42,300
Bond issuance costs paid	(526)	-
Refunding bond proceeds placed in escrow	(70,130)	-
Principal paid - bonds and commercial paper	(80,811)	(31,830)
Interest paid - bonds and commercial paper	(20,718)	(23,410)
Subsidy to borrowers	(255)	(2,472)
Net cash provided by (used in) noncapital financing activities	38,464	(15,412)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(45,229)	(29,597)
Proceeds from sales and maturities of investments	46,736	30,553
Interest received on investments	374	544
Loans issued	(51,361)	(64,061)
Collections of loan principal	24,526	27,414
Interest received on loans	20,671	23,287
Net cash used in investing activities	(4,283)	(11,860)
Net increase (decrease) in cash	34,075	(27,563)
Cash, July 1	29,447	57,010
Cash, June 30	\$ 63,522	\$ 29,447

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TENNESSEE STATE SCHOOL BOND AUTHORITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2003, AND JUNE 30, 2002

(Expressed in Thousands)

	Year Ended June 30, 2004	Year Ended June 30, 2003
Reconciliation of cash to the Statement of Net Assets:		
Cash	\$ 58,222	\$ 25,567
Cash with fiscal agent	1	2
Restricted cash	5,299	3,878
Cash, June 30	<u>\$ 63,522</u>	<u>\$ 29,447</u>
Reconciliation of operating income (loss) to net cash used in operating activities:		
Operating income (loss)	<u>\$ 10</u>	<u>\$ (1,781)</u>
Adjustments to reconcile operating income (loss) to net cash used in operating activities:		
Amortization of bond issuance costs	229	205
Investment earnings	(423)	(781)
Interest expense	22,273	24,445
Subsidy to borrowers	340	2,382
Interest income from loans	(22,581)	(24,656)
Changes in assets and liabilities:		
(Increase) decrease in receivables for administrative fees	(106)	78
Increase (decrease) in deferred revenue	152	(183)
Total adjustments	<u>(116)</u>	<u>1,490</u>
Net cash used in operating activities	<u>\$ (106)</u>	<u>\$ (291)</u>
Noncash financing activities:		
Accretion of capital appreciation bonds	\$ 1,018	\$ 1,129
Bond issuance costs	(3,689)	-
Total noncash financing activities	<u>\$ (2,671)</u>	<u>\$ 1,129</u>
Noncash investing activities:		
Net appreciation in value of investments reported at fair value	<u>\$ 8</u>	<u>\$ 36</u>

The notes to the financial statements are an integral part of this statement.

Tennessee State School Bond Authority
Notes to the Financial Statements
June 30, 2004, and June 30, 2003

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Tennessee State School Bond Authority (the Authority) was created to provide a mechanism for financing capital projects for the state's higher education institutions. In addition, during 1999, the General Assembly empowered the Authority to issue Qualified Zone Academy Bonds (QZABs) for financing improvement projects to local education agencies pursuant to the federal program authorized in the Taxpayer Relief Act of 1997.

The Authority is a component unit of the State of Tennessee (the State) and a separate legal entity. In accordance with the Governmental Accounting Standards Board's (GASB) Statement No. 14, *The Financial Reporting Entity*, the Authority is discretely presented in the *Tennessee Comprehensive Annual Financial Report* because the Authority's board consists of state officials and, therefore, the state has the ability to affect the day-to-day operations of the Authority.

Basis of Presentation

The accompanying financial statements have been prepared in conformity with accounting principals generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The Authority has the option of following subsequent private-sector guidance subject to this same limitation. The Authority has elected not to follow subsequent private-sector guidance.

Measurement Focus and Basis of Accounting

The accompanying financial statements have been prepared using the accrual basis of accounting and the flow of economic resources measurement focus. Under this basis, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The Tennessee State School Bond Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with principal ongoing operations. The Authority's principal operation is to provide loans to higher educational facilities. Therefore, the Authority also recognizes income on investments as operating revenue. The Authority's operating expenses include interest paid on borrowings, subsidies to borrowers, bond issuance costs, arbitrage, and administrative expenses. Any revenues and expenses not meeting this definition would be reported as nonoperating revenues and expenses.

Investments

Investments are stated at fair value.

Amortized Amounts

- A. Bond Issuance Costs. The Authority amortizes bond issuance costs using the straight-line method over the life of the bonds. Unamortized bond issuance costs are reported as deferred charges.

Tennessee State School Bond Authority
Notes to the Financial Statements (Cont.)
June 30, 2004, and June 30, 2003

- B. Bond Discounts, Premiums, and Deferred Amount on Refundings. The Authority amortizes bond discounts and premiums using the straight-line method over the life of the bonds. The deferred amount on refundings is amortized using the straight-line method over the remaining life of the old debt or the life of the new debt, whichever is shorter. Bonds payable are reported net of the applicable unamortized bond discount or premium and the unamortized deferred amount on refundings.

Amortization of bond discount, premium, and deferred amount on refundings is reported with bond interest expense in the financial statements.

- C. Accretion. The difference between the face amount of College Saver Bonds (capital appreciation bonds) and the public offering price is not treated as bond discount. Capital appreciation bonds are subject to redemption at prices which increase from the initial public offering price to the face amount. The carrying amount of these bonds is adjusted semi-annually and at June 30 to reflect the increased liability, with a corresponding charge to interest expense.
- D. Deferred Revenue. When the Authority issues bonds to finance capital projects, the par amount of the bonds is adjusted by certain amounts (such as bond discount/premium, underwriters' fees, and other costs of issuance) in order to arrive at the amount of bond proceeds available for capital expenditures. These amounts, discussed above, are capitalized and amortized pursuant to accounting principles generally accepted in the United States of America. A similar situation arises when accounting for the loans to the higher education institutions and local education agencies. Because of the adjustments mentioned above (discount, costs of issuance, etc.), the principal amount of the loan differs from the actual amount of funds available for capital expenditures. Because the higher education institutions and the local education agencies bear the cost of this difference, it is carried on the balance sheet as deferred revenue and amortized on a straight-line basis over the life of the related bond.

The Authority requires the higher education institutions to contribute funds to the Interest Rate Reserve Fund based on the amount of outstanding commercial paper. The principal of the Interest Rate Reserve Fund is credited back to the institution as commercial paper is redeemed. The Interest Rate Reserve Fund is reported on the balance sheet as deferred revenue and is not amortized.

NOTE 2. DEPOSITS AND INVESTMENTS

Under the general bond resolutions of the Tennessee State School Bond Authority, the funds of the Authority can be invested in obligations of the State or United States government or obligations for which the principal and interest are guaranteed by the State or United States government; obligations of the United States or its agencies under flexible repurchase agreements which are fully collateralized by obligations of the United States or obligations for which the timely payment of the principal and interest which are guaranteed by the United States; the state investment pool; and any other investment authorized by the state investment policy adopted by the state funding board pursuant to *Tennessee Code Annotated*, Section 9-4-602.

Tennessee State School Bond Authority

Notes to the Financial Statements (Cont.)

June 30, 2004, and June 30, 2003

Deposits

The Tennessee State School Bond Authority has cash on deposit in the Pooled Investment Fund administered by the State Treasurer. The fund's investment policy and custodial credit risk are presented in the *Tennessee Comprehensive Annual Financial Report* for the years ended June 30, 2004, and June 30, 2003. The report may be obtained by writing to the Tennessee Department of Finance and Administration, Division of Accounts, 14th Floor William R. Snodgrass Tennessee Tower, 312 Eight Avenue North, Nashville, Tennessee 37243-0298, or by calling (615) 741-2140.

The Authority's deposits are held in a financial institution, which participates in the bank collateral pool administered by the State Treasurer. The securities pledged to protect these accounts are pledged in the aggregate rather than against each individual account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

Investments

Investments are categorized to indicate the level of custodial risk assumed by the Authority at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the Authority or its agent in the Authority's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the Authority's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent but not in the Authority's name.

Authority investments at June 30, 2004, are categorized below (expressed in thousands):

	Category		
	1	2	3
Federal Home Loan Bank Discount Notes	<u>\$ 11,606</u>	<u>\$ -</u>	<u>\$ -</u>

Authority investments at June 30, 2003, are categorized below (expressed in thousands):

	Category		
	1	2	3
Federal Home Loan Bank Discount Notes	<u>\$ 12,973</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 3. LOANS RECEIVABLE

Higher Education Facilities Programs

The Authority has entered into financing agreements with both the Board of Trustees of the University of Tennessee (the Board of Trustees) and the Tennessee Board of Regents of the State University and Community College System of the State of Tennessee (the Tennessee Board of Regents). The First Financing Agreement and the Second Financing Agreement (the "Agreements"), are dated May 1, 1967 and November 1, 1997, respectively, as amended. Under the Agreements, the Authority agrees to finance construction projects for the Board of Trustees or the Tennessee Board of Regents. Annual

Tennessee State School Bond Authority
Notes to the Financial Statements (Cont.)
June 30, 2004, and June 30, 2003

financing charges payable under the Agreements must be sufficient to pay the debt obligations of the Authority and the costs of administering the programs.

Qualified Zone Academy Bonds Program

The Authority has entered into loan agreements with the local education agencies for the 1999 QZAB's, dated November 30, 1999, the 2001 QZAB's dated December 18, 2001, and the 2003 QZABS dated December 23, 2003. Under the agreements, the Authority agrees to finance construction projects for the local education agencies. On the annual date of the agreements, the borrower makes an annual principal payment into a bond fund held by the State Treasurer that will pay the bonds at maturity.

NOTE 4. RESTRICTED ASSETS

Cash and Investments

The first program bond resolution of the QZABs requires the establishment of a special trust fund, the bond fund (or sinking fund) account. These accounts represent the funds set aside to redeem the QZABs at maturity.

The General Higher Education Facilities Bond Resolution (the First Program) requires that an amount equal to the maximum annual debt service requirement be placed in a debt service reserve account with the trustee. The first general bond resolution is effective for all bonds issued prior to 1998.

The Higher Education Facilities Second Program General Bond Resolution, effective for all bonds issued in 1998 and thereafter, permits the Authority to satisfy the debt service reserve requirement by maintaining a Reserve Fund Credit Facility. The Authority obtained a surety bond, constituting a Reserve Fund Credit Facility under the Resolution, in lieu of maintaining a debt service reserve fund for the 1998 Series A, B, C, and D, 2000 Series A and B, 2002 Series A, and 2004 Series A, B, and C Bonds.

NOTE 5. DEBT PAYABLE

Higher Education Facilities Programs

- A. Bonds. The bonds issued under the First and Second Program Higher Education Facilities Bond Resolutions constitute special obligations of the Authority. The First Program, which commenced in 1967, is no longer utilized, but any payments by the Boards thereunder will be superior to the Boards' payments under the Second Program Higher Education Facilities Bond Resolution. The principal, Sinking Fund Installments, if any, and Redemption Price of and interest on the bonds are payable solely from the Annual Financing Charges, Legislative Appropriations, and other moneys and securities held or set aside under the Resolutions.
- B. Commercial Paper. Commercial paper constitutes a special obligation of the Authority. Principal of and interest on the commercial paper is payable from the following sources: (i) as to principal only, the proceeds of the sale of commercial paper issued to pay the principal of other outstanding commercial paper, (ii) the proceeds of draws on the Liquidity Facility, (iii) available revenues, (iv) the moneys and securities (if any) on deposit in the Reimbursement Fund and in the Debt Service

Tennessee State School Bond Authority
Notes to the Financial Statements (Cont.)
June 30, 2004, and June 30, 2003

Fund, (v) the moneys and securities (if any) on deposit in the Project Construction Account for such projects, and (vi) the proceeds of bonds or notes issued to make such payments.

Qualified Zone Academy Bonds Program

On September 9, 1999, the Authority adopted a Qualified Zone Academy Bond Resolution authorizing the issuance of Qualified Zone Academy Bonds to local education agencies for the purpose of financing eligible costs of certain projects. The State Department of Education recommends the projects to the Authority that should be funded under the QZABs program. The Taxpayer Relief Act of 1997 provided this financial tool whereby interest on QZABs is paid by the federal government in the form of an annual tax credit to the financial institutions that hold the QZABs. The bonds are secured solely by the payments made by the borrowers under the Loan Agreements, including amounts collected from unobligated state-shared taxes in the event of non-payment by the local education agencies and by certain funds held under the Qualified Zone Academy Bond Resolution. The Authority has no taxing power. Furthermore, the State of Tennessee shall not be liable on the bonds and the bonds shall not be a debt of the State of Tennessee.

Changes in debt payable for the year ended June 30, 2004, and 2003 are as follows (expressed in thousands):

	Balance			Balance	
	June 30, 2003	Additions	Deletions	June 30, 2004	
Commercial paper	\$ 46,747	\$ 39,000	\$ 53,591	\$ 32,156	
Bonds payable	\$ 452,305	\$ 169,233	\$ 90,326	\$ 531,212	
Less: unamortized bond discount/premium	(213)	5,374	(390)	5,551	
Less: unamortized deferred amount on refundings	(2,283)	(7,331)	(236)	(9,378)	
Total bonds payable	\$ 449,809	\$ 167,276	\$ 89,700	\$ 527,385	

Tennessee State School Bond Authority
Notes to the Financial Statements (Cont.)
June 30, 2004, and June 30, 2003

	Balance July 1, 2002	Additions	Deletions	Balance June 30, 2003
Commercial paper	\$ 13,757	\$ 42,300	\$ 9,310	\$ 46,747
Bonds payable	\$ 473,696	\$ 1,129	\$ 22,520	\$ 452,305
Less: unamortized bond discount/premium	(124)	-	89	(213)
Less: unamortized deferred amount on refundings	(2,436)	-	(153)	(2,283)
Total bonds payable	\$ 471,136	\$ 1,129	\$ 22,456	\$ 449,809

Additions to bonds payable include accretion of interest in the amount of \$1,018 in 2004 and \$1,129 in 2003.

Bonds and commercial paper payable at June 30, 2004, and June 30, 2003, are as follows (expressed in thousands):

	<u>June 30, 2004</u>	<u>June 30, 2003</u>
Bonds Payable:		
1967 Series A at an interest rate of 4.10% maturing to 2007 were called on May 1, 2004 (original par - \$43,800)	\$ -	\$ 3,450
1976 Series B at an interest rate of 3.0% maturing to 2011 (original par - \$6,037)	1,366	1,607
1987 Refunding Series A at an interest rate of 4% maturing in 2012 were called on May 1, 2004 (original par - \$70,686)	-	1,170
1989 College Saver Bonds with yields of 6.8% to 6.9% maturing to 2010 (at accreted value); (original principal - \$21,935)	13,311	15,053
1996 Series A at an interest rate of 6.0% maturing to 2006 (original par - \$102,710); see additional disclosures regarding the 2004 advance refunding	5,475	71,140
1996 Refunding Series B at interest rates from 5.0% to 6.0% maturing to 2011 (original par - \$55,300)	8,355	9,370
1996 Refunding Series C at interest rates from 5.375% to 6.0% maturing to 2020 (original - par \$4,045)	4,045	4,045

Tennessee State School Bond Authority
Notes to the Financial Statements (Cont.)
June 30, 2004, and June 30, 2003

	<u>June 30, 2004</u>	<u>June 30, 2003</u>
1998 Series A at interest rates from 4.30% to 5.00% maturing to 2028 (original par - \$54,865)	48,365	49,780
1998 Series B (Taxable) at interest rates from 5.80% to 6.70% maturing to 2028 (original - par \$15,460)	14,265	14,555
1998 Refunding Series C at interest rates from 4.20% to 5.00% maturing to 2014 (original par - \$48,735)	14,375	20,225
1998 Refunding Series D at interest rates from 4.00% to 4.85% maturing to 2021 (original par - \$33,540)	22,400	24,115
2000 Series A at interest rates from 4.60% to 5.625% maturing to 2030 (original par - \$70,680)	65,150	66,830
2000 Series B at interest rates from 6.70% to 7.75% maturing to 2020 (original par - \$33,730)	28,240	30,095
2002 Series A at interest rates from 4.50% to 5.25% maturing to 2032 (original par - \$119,135)	113,030	116,250
2004 Series A at interest rates from 2.00% to 4.50% maturing to 2026 (original par - \$67,965)	67,965	-
2004 Series B at interest rates from 2.00% to 4.50% maturing to 2034 (original par - \$60,575)	60,575	-
2004 Series C at interest rates from 1.30% to 5.50% maturing to 2034 (original par - \$37,230)	37,230	-
Qualified Zone Academy Bonds non-interest bearing maturing in 2011 (original par - \$13,290)	13,290	13,290
Qualified Zone Academy Bonds non-interest bearing maturing in 2015 (original par - \$11,330)	11,330	11,330
Qualified Zone Academy Bonds non-interest bearing maturing in 2018 (original par - \$2,445)	2,445	-
Total Par Amount of Bonds Payable	531,212	452,305
Plus Unamortized Premium/Less Unamortized Discount	5,551	(213)
Bonds Payable Net of Unamortized Premium/ Discount	536,763	452,092
Less: Deferred Amount on Refundings	(9,378)	(2,283)

Tennessee State School Bond Authority
Notes to the Financial Statements (Cont.)
June 30, 2004, and June 30, 2003

	<u>June 30, 2004</u>	<u>June 30, 2003</u>
Net Bonds Payable	<u>\$ 527,385</u>	<u>\$ 449,809</u>
Commercial paper, at varied interest rates from 0.75 % to 1.28 %	<u>\$ 32,156</u>	<u>\$ 46,747</u>

Debt service requirements to maturity of the bonds payable at June 30, 2004, are as follows (expressed in thousands):

<u>For the Year(s)</u> <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 21,205	\$ 26,191	\$ 47,396
2006	20,756	24,622	45,378
2007	21,065	23,786	44,851
2008	21,863	23,031	44,894
2009	22,726	22,202	44,928
2010-2014	118,673	88,140	206,813
2015-2019	112,085	61,775	173,860
2020-2024	91,458	38,425	129,883
2025-2029	66,642	18,378	85,020
2030-2034	31,971	3,871	35,842
	<u>\$ 528,444</u>	<u>\$ 330,421</u>	<u>\$ 858,865</u>

The above principal for bonds is more than that presented on the accompanying financial statements by \$1.059 million. Of this amount, \$8.319 million represents accretion to date on the unmatured portion of the 1989 College Saver Bonds. This accretion has been reported as bond principal in the accompanying financial statements. In the debt service schedule above, however, it has been reported as interest in the years (2005-2010) in which the bonds mature. The \$1.059 million also includes \$9.378 million, representing the deferred amount on bond refundings. This amount is presented as a deduction from bonds payable in the accompanying financial statements but is not reflected in the debt service schedule above.

The Authority may issue taxable and/or tax-exempt bonds. Proceeds for the tax-exempt bonds issued after September 1, 1986, are subject to the 1986 Tax Reform Act. The Authority invests, records, and reports these proceeds in the manner set forth by the U.S. Treasury and Internal Revenue Service to maintain the tax-exempt status of the bonds. Arbitrage liabilities, when applicable, are reported as a current accrued liability. At June 30, 2004, and 2003, the Authority did not have a liability for arbitrage.

On December 23, 2003, the Authority issued \$2,445,000 of Qualified Zone Academy Bonds (QZABs) to finance improvement loans for qualifying primary and secondary (K-12) schools in the state. The bonds are part of a federal government program administered by the Tennessee Department of Education in which a federal tax credit is given to investors in lieu of interest on the bonds. On each

Tennessee State School Bond Authority
Notes to the Financial Statements (Cont.)
June 30, 2004, and June 30, 2003

December 23, the 2003 QZAB borrowers make annual principal payment into a bond fund held by the State Treasurer to pay the bonds at maturity on December 23, 2018.

On March 25, 2004, the Authority issued three new series of bonds, 2004 Series A, B, and C. The 2004 Series A tax-exempt bond proceeds in the amount of \$67,965,000 along with \$963,296 in debt service reserves, \$3,422,774 from borrower prepayment, and \$10,483 of equity contribution went to redeem the remaining \$3,450,000 principal of the 1967 Series A bonds, partially redeem and partially current refund \$1,170,000 of outstanding 1987 Refunding Series A bonds, and advance refund \$62,795,000 aggregate principal amount of the 1996 Series A bonds. The funds provided for the advance refunding were placed in an irrevocable trust to pay interest on the 1996 Series A bonds until May 1, 2006, at which time the bonds will be redeemed. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$7,310,081 on the advance refunding and \$20,344 on the current refunding. This amount is reported as a deduction from bonds payable and is being charged to operations through the year 2026. The refunding resulted in a reduction of total debt service payments of \$6,027,725 over the next 22 years and an economic gain (difference between the present values of the old and new debt service payments) of \$1,661,465. The 2004 Series B tax-exempt bonds in the amount of \$60,575,000 were issued to redeem \$42,415,000 of the Authority's tax-exempt commercial paper, and the 2004 Series C taxable bonds in the amount of \$37,230,000 were issued to redeem \$8,980,000 of the Authority's taxable commercial paper. The balance of the proceeds was used to pay for new construction projects and various costs of issuance.

Prior-Year Defeasance of Debt

In prior years, certain Authority bonds were defeased by placing the proceeds of new bonds in irrevocable trusts to provide for all future debt service on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Authority's financial statements. On June 30, 2004, \$38,390,000 of bonds outstanding is considered defeased.

Commercial Paper Program

The Tennessee State School Bond Authority issues short-term debt to finance certain capital projects for the State of Tennessee's higher education institutions. The maximum principal to be issued by the Authority is \$150,000,000. Commercial paper may be issued as tax-exempt or as taxable. At the program's inception, commercial paper refinanced certain outstanding bond anticipation note indebtedness that the Authority had previously issued to finance capital projects. The commercial paper dealer is J.P. Morgan & Co. At June 30, 2004, \$30,836,000 of tax-exempt commercial paper and \$1,320,000 of taxable commercial paper was outstanding. At June 30, 2003, \$39,447,000 of tax-exempt commercial paper and \$7,300,000 of taxable commercial paper was outstanding.

The maturity of the paper may not exceed 270 days, and the maximum interest rate may not exceed 12%. Upon maturity, the paper is remarketed by the commercial paper dealer, redeemed, or extinguished with long-term debt. Interest on commercial paper is at varied rates, ranging from 0.75% to 1.28% during the fiscal year. Interest is payable upon maturity.

The commercial paper liquidity provider, under an Advance Agreement, is Westdeutsche Landesbank Girozentrale, New York branch and expires March 7, 2005. The total available commitment is \$152,250,000. The obligation of Westdeutsche Landesbank Girozentrale is to purchase unremarketed commercial paper. In the event the liquidity facility is called upon, the Authority has ninety days to repay the advance from the facility. Should the Authority fail to repay the loan within the ninety-day period, it converts to a term loan with four semi-annual payments. In accordance with Financial

Tennessee State School Bond Authority
Notes to the Financial Statements (Cont.)
June 30, 2004, and June 30, 2003

Accounting Standards Board Statement No. 6, *Classification of Short-Term Obligations Expected to Be Refinanced*, this agreement meets the criteria of a financing agreement, thus, the commercial paper payable is classified as a long-term liability.

NOTE 6. DEFERRED REVENUE

Changes in deferred revenue for the year ended June 30, 2004, and 2003 are as follows (expressed in thousands):

	Balance			Balance
	July 1, 2003	Additions	Deletions	June 30, 2004
Interest rate reserve fund	\$ 210	\$ 183	\$ 30	\$ 363
Other deferred revenue	7,034	3,936	968	10,002
Total deferred revenue	<u>\$ 7,244</u>	<u>\$ 4,119</u>	<u>\$ 998</u>	<u>\$ 10,365</u>

	Balance			Balance
	July 1, 2002	Additions	Deletions	June 30, 2003
Interest rate reserve fund	\$ 393	\$ 171	\$ 354	\$ 210
Other deferred revenue	7,434	-	400	7,034
Total deferred revenue	<u>\$ 7,827</u>	<u>\$ 171</u>	<u>\$ 754</u>	<u>\$ 7,244</u>

Deferred revenue at June 30, 2004, and June 30, 2003, is as follows (expressed in thousands):

	<u>June 30, 2004</u>	<u>June 30, 2003</u>
Interest Rate Reserve Fund	\$ 363	\$ 210

Difference in bond proceeds available for capital expenditure and the par value of bonds to be repaid-adjustments for discount/premium, underwriters' fees, and other costs of issuance:

1996 Series A bonds; amortized through 2026	-	540
1996 Series B bonds; amortized through 2011	315	360

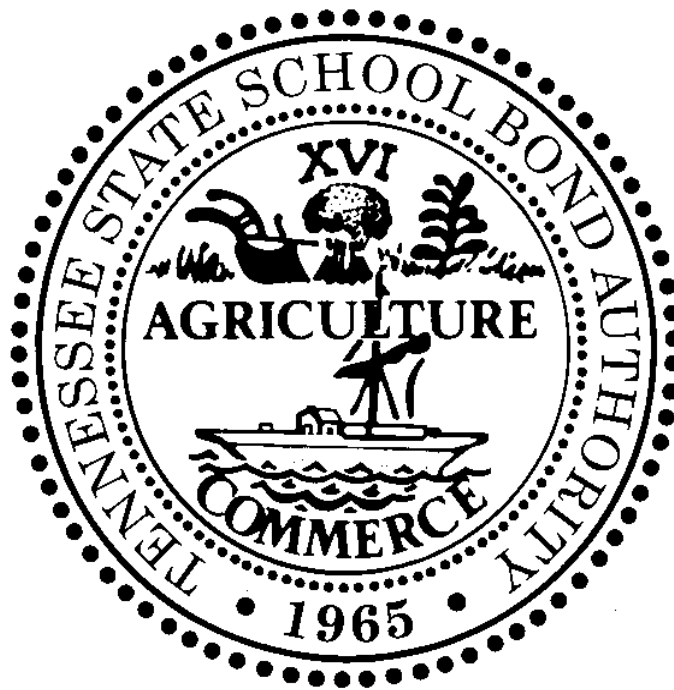
Tennessee State School Bond Authority
Notes to the Financial Statements (Cont.)
June 30, 2004, and June 30, 2003

	<u>June 30, 2004</u>	<u>June 30, 2003</u>
1996 Series C bonds, which was a cross-over refunding of the 1989 Current Interest Bonds; amortized through 2020	124	132
1998 Series A bonds; amortized through 2028	552	575
1998 Series B bonds; amortized through 2028	179	187
1998 Series C bonds; amortized through 2014	192	212
1998 Series D bonds, which was an advance refunding of the 1992 Series A bonds; amortized through 2021	2,358	2,498
1999 Qualified Zone Academy Bonds; amortized through 2012	272	309
2000 Series A bonds; amortized through 2030	807	839
2000 Series B bonds; amortized through 2020	187	199
2001 Qualified Zone Academy Bonds; amortized through 2015	241	262
2002 Series A bonds; amortized through 2032	890	921
2003 Qualified Zone Academy Bonds; amortized through 2018	117	-
2004 Series A bonds; amortized through 2026	4,803	-
2004 Series B bonds; amortized through 2034	(1,516)	-
2004 Series C bonds; amortized through 2034	481	-
Total	<u>\$ 10,365</u>	<u>\$ 7,244</u>

NOTE 7. SUBSEQUENT EVENTS

On November 29, 2004, the Authority had outstanding \$42,332,000 in tax-exempt commercial paper and \$1,320,000 in taxable commercial paper. Between June 30, 2004, and November 29, 2004, the Authority has issued \$13,000,000 in commercial paper to pay construction expenditures.

On November 24, 2004 the Authority issued \$12,600,000 of Qualified Zone Academy Bonds.



SUPPLEMENTARY STATEMENTS



TENNESSEE STATE SCHOOL BOND AUTHORITY
SUPPLEMENTARY STATEMENTS OF NET ASSETS - PROGRAM LEVEL
JUNE 30, 2004, AND JUNE 30, 2003

(Expressed in Thousands)						
	June 30, 2004			June 30, 2003		
	Higher Education Facilities Program	Qualified Zone Academy Bonds Program	Total	Higher Education Facilities Program	Qualified Zone Academy Bonds Program	Total
ASSETS						
Current assets:						
Cash	\$ 53,755	\$ 4,467	\$ 58,222	\$ 18,251	\$ 7,316	\$ 25,567
Cash with fiscal agent	1	-	1	2	-	2
Investments with fiscal agent	5	-	5	5	-	5
Loans receivable	22,420	1,758	24,178	23,571	1,322	24,893
Interest receivable	4,024	-	4,024	3,645	-	3,645
Receivables for administrative fees	366	5	371	260	5	265
Total current assets	80,571	6,230	86,801	45,734	8,643	54,377
Noncurrent assets:						
Restricted cash	-	5,299	5,299	-	3,878	3,878
Restricted investments	11,601	-	11,601	12,968	-	12,968
Loans receivable	455,448	15,617	471,065	430,602	12,234	442,836
Deferred charges	5,030	466	5,496	3,369	440	3,809
Total noncurrent assets	472,079	21,382	493,461	446,939	16,552	463,491
Total assets	552,650	27,612	580,262	492,673	25,195	517,868
LIABILITIES						
Current liabilities:						
Due to higher education institutions	-	-	-	4,104	-	4,104
Due to local education authorities	-	-	-	-	87	87
Accrued interest payable	4,176	-	4,176	3,707	-	3,707
Deferred revenue	867	66	933	553	58	611
Bonds payable	22,420	-	22,420	23,572	-	23,572
Total current liabilities	27,463	66	27,529	31,936	145	32,081
Noncurrent liabilities:						
Deferred revenue	8,869	563	9,432	6,120	513	6,633
Commercial paper payable	32,156	-	32,156	46,747	-	46,747
Bonds payable	478,006	26,959	504,965	401,710	24,527	426,237
Total noncurrent liabilities	519,031	27,522	546,553	454,577	25,040	479,617
Total liabilities	546,494	27,588	574,082	486,513	25,185	511,698
NET ASSETS						
Unrestricted	\$ 6,156	\$ 24	\$ 6,180	\$ 6,160	\$ 10	\$ 6,170

TENNESSEE STATE SCHOOL BOND AUTHORITY
SUPPLEMENTARY STATEMENTS OF REVENUES,
EXPENSES AND CHANGES IN NET ASSETS - PROGRAM LEVEL
FOR THE YEARS ENDED JUNE 30, 2004, AND JUNE 30, 2003

(Expressed in Thousands)

	Year ended June 30, 2004			Year ended June 30, 2003		
	Higher Education Facilities Program	Qualified Zone Academy Bonds Program	Total	Higher Education Facilities Program	Qualified Zone Academy Bonds Program	Total
OPERATING REVENUES						
Revenue from loans	\$ 22,884	\$ 72	\$ 22,956	\$ 24,857	\$ 70	\$ 24,927
Investment earnings	423	-	423	780	1	781
Total operating revenues	23,307	72	23,379	25,637	71	25,708
OPERATING EXPENSES						
Interest expense-commercial paper	515	-	515	353	-	353
Interest expense-bonds	21,746	12	21,758	24,081	11	24,092
Subsidy to borrowers	340	-	340	2,381	1	2,382
Administrative expense	527	-	527	457	-	457
Amortization of bond issuance costs	183	46	229	162	43	205
Total operating expenses	23,311	58	23,369	27,434	55	27,489
Operating income (loss) and change in net assets	(4)	14	10	(1,797)	16	(1,781)
Net assets, July 1	6,160	10	6,170	7,957	(6)	7,951
Net assets, June 30	<u>\$ 6,156</u>	<u>\$ 24</u>	<u>\$ 6,180</u>	<u>\$ 6,160</u>	<u>\$ 10</u>	<u>\$ 6,170</u>

TENNESSEE STATE SCHOOL BOND AUTHORITY
SUPPLEMENTARY STATEMENTS OF CASH FLOWS - PROGRAM LEVEL
FOR THE YEARS ENDED JUNE 30, 2004, AND JUNE 30, 2003

(Expressed in Thousands)

	Year ended June 30, 2004			Year ended June 30, 2003		
	Higher Education Facilities Program	Qualified Zone Academy Bonds Program	Total	Higher Education Facilities Program	Qualified Zone Academy Bonds Program	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from borrowers for administrative fees	\$ 259	\$ 9	\$ 268	\$ 340	\$ 9	\$ 349
Payment to suppliers	(527)	-	(527)	(457)	-	(457)
Receipts from borrowers to the interest rate reserve fund	183	-	183	171	-	171
Payments to borrowers from the interest rate reserve fund	(30)	-	(30)	(354)	-	(354)
Net cash used in operating activities	(115)	9	(106)	(300)	9	(291)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Proceeds from sale of bonds	99,130	2,397	101,527	-	-	-
Proceeds from sale of refunding bonds	70,377	-	70,377	42,300	-	42,300
Proceeds from sale of commercial paper	39,000	-	39,000	-	-	-
Bond issuance costs paid	(477)	(49)	(526)	(31,830)	-	(31,830)
Refunding bond proceeds placed in escrow	(70,130)	-	(70,130)	(23,410)	-	(23,410)
Principal paid - bonds and commercial paper	(80,811)	-	(80,811)	-	-	-
Interest paid - bonds and commercial paper	(20,718)	-	(20,718)	-	-	-
Subsidy to borrowers	(255)	-	(255)	(2,471)	(1)	(2,472)
Net cash provided by (used in) noncapital financing activities	36,116	2,348	38,464	(15,411)	(1)	(15,412)
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of investments	(45,229)	-	(45,229)	(29,597)	-	(29,597)
Proceeds from sales and maturities of investments	46,736	-	46,736	29,853	700	30,553
Interest received on investments	374	-	374	543	1	544
Loans issued	(46,155)	(5,206)	(51,361)	(58,678)	(5,383)	(64,061)
Collections of loan principal	23,105	1,421	24,526	25,997	1,417	27,414
Interest received on loans	20,671	-	20,671	23,287	-	23,287
Net cash used in investing activities	(498)	(3,785)	(4,283)	(8,595)	(3,265)	(11,860)
Net increase (decrease) in cash	35,503	(1,428)	34,075	(24,306)	(3,257)	(27,563)
Cash, July 1	18,253	11,194	29,447	42,559	14,451	57,010
Cash, June 30	\$ 53,756	\$ 9,766	\$ 63,522	\$ 18,253	\$ 11,194	\$ 29,447
Reconciliation of cash to the Statement of Net Assets:						
Cash	\$ 53,755	\$ 4,467	\$ 58,222	\$ 18,251	\$ 7,316	\$ 25,567
Cash with fiscal agent	1	-	1	2	-	2
Restricted cash	-	5,299	5,299	-	3,878	3,878
Cash, June 30	\$ 53,756	\$ 9,766	\$ 63,522	\$ 18,253	\$ 11,194	\$ 29,447
Reconciliation of operating income (loss) to net cash used in operating activities:						
Operating income (loss)	\$ (4)	\$ 14	\$ 10	\$ (1,797)	\$ 16	\$ (1,781)
Adjustments to reconcile operating income (loss) to net cash used in operating activities:						
Amortization of bond issuance costs	183	46	229	162	43	205
Investment earnings	(423)	-	(423)	(780)	(1)	(781)
Interest expense	22,261	12	22,273	24,434	11	24,445
Subsidy to borrowers	340	-	340	2,381	1	2,382
Interest income from loans	(22,518)	(63)	(22,581)	(24,598)	(58)	(24,656)
Changes in assets and liabilities:						
(Increase) decrease in receivables for administrative fees	(106)	-	(106)	81	(3)	78
Increase (decrease) in deferred revenue	152	-	152	(183)	-	(183)
Total adjustments	(111)	(5)	(116)	1,497	(7)	1,490
Net cash used in operating activities	\$ (115)	\$ 9	\$ (106)	\$ (300)	\$ 9	\$ (291)
Noncash financing activities:						
Accretion of capital appreciation bonds	\$ 1,018	\$ -	\$ 1,018	\$ 1,129	\$ -	\$ 1,129
Bond issuance costs	(3,736)	47	(3,689)	-	-	-
Total noncash financing activities	\$ (2,718)	\$ 47	\$ (2,671)	\$ 1,129	\$ -	\$ 1,129
Noncash investing activities:						
Net appreciation in value of investments reported at fair value	\$ 8	\$ -	\$ 8	\$ 36	\$ -	\$ 36



STATISTICAL SECTION



TENNESSEE STATE SCHOOL BOND AUTHORITY
OPERATING REVENUES BY SOURCE
FOR THE LAST TEN YEARS

(Expressed in Thousands)

Fiscal Year	Revenue from Loans	Investment Earnings	Total
2004	\$ 22,956	\$ 423	\$ 23,379
2003	24,927	781	25,708
2002	21,553	1,056	22,609
2001	21,712	2,624	24,336
2000	18,565	2,111	20,676
1999	21,345	2,888	24,233
1998	18,120	4,150	22,270
1997	18,574	3,464	22,038
1996	15,455	2,751	18,206
1995	14,167	3,489	17,656

**TENNESSEE STATE SCHOOL BOND AUTHORITY
OPERATING EXPENSES BY SOURCE
FOR THE LAST TEN YEARS**

(Expressed in Thousands)

<u>Fiscal Year</u>	<u>Interest Expense</u>	<u>Subsidy to Borrowers</u>	<u>Administrative Expense</u>	<u>Amortization of Bond Issue Costs</u>	<u>Total</u>
2004	\$ 22,273	\$ 340	\$ 527	\$ 229	\$ 23,369
2003	24,445	2,382	457	205	27,489
2002	21,165	811	545	164	22,685
2001	20,605	1,655	644	135	23,039
2000 (1)	17,625	1,372	448	94	19,539
1999	22,675	-	353	103	23,131
1998	21,089	-	466	68	21,623
1997	20,844	-	319	179	21,342
1996	18,149	-	412	65	18,626
1995	16,837	-	329	203	17,369

(1) In accordance with GASB 33, subsidy to borrowers is reported as an expense. Prior to implementing GASB 33, this amount was recorded as a reduction of revenue from loans.

**TENNESSEE STATE SCHOOL BOND AUTHORITY
OUTSTANDING LOANS FROM BORROWERS
FOR THE LAST TEN YEARS**

(Expressed in Thousands)

<u>Fiscal Year</u>	<u>Higher Education Facilities Programs</u>	<u>Qualified Zone Academy Bonds Program</u>	<u>Total</u>
2004	\$ 477,867	\$ 17,375	\$ 495,242
2003	454,173	13,556	467,729
2002	416,264	9,485	425,749
2001	382,606	5,272	387,878
2000	343,643	-	343,643
1999	457,342	-	457,342
1998	361,249	-	361,249
1997	327,907	-	327,907
1996	312,071	-	312,071
1995	272,934	-	272,934

**TENNESSEE STATE SCHOOL BOND AUTHORITY
OUTSTANDING DEBT PAYABLE
FOR THE LAST TEN YEARS**

(Expressed in Thousands)

Fiscal Year	Higher Education Facilities Programs			Qualified Zone Academy Bonds Program		Total
	Bonds	Commercial Paper	Bond Anticipation Notes	QZAB Bonds		
2004	\$ 500,426	\$ 32,156	\$ -	\$ 26,959	\$	559,541
2003	425,282	46,747	-	24,527		496,556
2002	446,620	13,757	-	24,516		484,893
2001	346,050	60,277	-	13,175		419,502
2000	258,651	102,700	-	13,163		374,514
1999	329,562	162,050	-	-		491,612
1998	318,696	91,750	-	-		410,446
1997	337,233	-	42,095	-		379,328
1996	246,641	-	104,585	-		351,226
1995	252,046	-	53,050	-		305,096

Note:

QZAB bonds were obtained in fiscal year 2000.

Commercial paper was first obtained in fiscal year 1998 and replaced the bond anticipation notes.

**TENNESSEE STATE SCHOOL BOND AUTHORITY
HIGHER EDUCATION FACILITIES PROGRAM
SCHEDULE OF FEES/CHARGES, LEGISLATIVE APPROPRIATIONS AND DEBT SERVICE
FOR THE LAST TEN YEARS**

(Expressed in Thousands)

UNIVERSITY OF TENNESSEE

<u>Fiscal Year</u>	<u>Total Fees and Charges</u>	<u>Legislative Appropriations</u>	<u>Prior and Subordinate Debt Service Requirements (Non-Authority)</u>	<u>Debt Service Requirements (Authority Bonds)</u>
1995	\$ 555,363	\$ 359,941	\$ 21	\$ 21,692
1996	563,302	369,853	21	21,749
1997	587,138	374,249	21	26,891
1998	559,661	367,938	21	28,657
1999	622,109	373,207	21	24,431
2000	410,086	375,872	21	16,872
2001	401,918	408,671	21	18,628
2002	438,956	406,146	21	24,804
2003	413,632	409,612	-	24,508
2004	417,191	406,033	75	25,317

AUSTIN PEAY STATE UNIVERSITY

<u>Fiscal Year</u>	<u>Total Fees and Charges</u>	<u>Legislative Appropriations</u>	<u>Prior and Subordinate Debt Service Requirements (Non-Authority)</u>	<u>Debt Service Requirements (Authority Bonds)</u>
1995	\$ 17,722	\$ 24,610	\$ 48	\$ 535
1996	18,235	25,209	48	535
1997	19,178	25,733	48	641
1998	20,420	25,559	48	672
1999	23,188	27,444	48	651
2000	24,288	28,001	48	649
2001	26,555	28,051	48	649
2002	33,157	30,484	48	1,516
2003	36,201	31,100	48	1,515
2004	33,058	30,712	48	2,242

EAST TENNESSEE STATE UNIVERSITY

<u>Fiscal Year</u>	<u>Total Fees and Charges</u>	<u>Legislative Appropriations</u>	<u>Prior and Subordinate Debt Service Requirements (Non-Authority)</u>	<u>Debt Service Requirements (Authority Bonds)</u>
1995	\$ 46,563	\$ 65,530	\$ -	\$ 1,636
1996	49,502	67,549	-	1,636
1997	53,232	68,469	-	1,597
1998	57,826	67,202	-	1,588
1999	64,652	70,814	-	1,743
2000	64,386	72,837	258	1,954
2001	59,516	75,937	261	1,916
2002	65,342	77,965	261	2,608
2003	68,805	79,735	319	2,609
2004	77,570	79,247	315	2,824

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**TENNESSEE STATE SCHOOL BOND AUTHORITY
HIGHER EDUCATION FACILITIES PROGRAM
SCHEDULE OF FEES/CHARGES, LEGISLATIVE APPROPRIATIONS AND DEBT SERVICE
FOR THE LAST TEN YEARS**

(Expressed in Thousands)

MIDDLE TENNESSEE STATE UNIVERSITY

<u>Fiscal Year</u>	<u>Total Fees and Charges</u>	<u>Legislative Appropriations</u>	<u>Prior and Subordinate Debt Service Requirements (Non-Authority)</u>	<u>Debt Service Requirements (Authority Bonds)</u>
1995	\$ 49,083	\$ 60,371	\$ -	\$ 1,164
1996	54,128	61,920	-	1,166
1997	57,341	63,529	-	1,668
1998	62,814	64,469	-	1,872
1999	70,530	70,576	-	3,357
2000	78,317	73,273	-	4,886
2001	86,328	76,159	-	5,472
2002	98,031	77,990	-	6,537
2003	93,953	83,208	-	6,540
2004	98,844	81,057	-	6,937

TENNESSEE STATE UNIVERSITY

<u>Fiscal Year</u>	<u>Total Fees and Charges</u>	<u>Legislative Appropriations</u>	<u>Prior and Subordinate Debt Service Requirements (Non-Authority)</u>	<u>Debt Service Requirements (Authority Bonds)</u>
1995	\$ 26,481	\$ 30,567	\$ 135	\$ 1,015
1996	31,231	31,477	135	1,100
1997	34,352	32,227	135	1,157
1998	39,141	32,052	135	1,257
1999	46,423	35,597	66	1,470
2000	52,156	36,337	66	2,056
2001	54,979	34,843	66	2,193
2002	45,119	35,067	-	3,137
2003	57,939	39,040	-	3,136
2004	53,840	40,621	-	3,001

TENNESSEE TECHNOLOGICAL UNIVERSITY

<u>Fiscal Year</u>	<u>Total Fees and Charges</u>	<u>Legislative Appropriations</u>	<u>Prior and Subordinate Debt Service Requirements (Non-Authority)</u>	<u>Debt Service Requirements (Authority Bonds)</u>
1995	\$ 26,204	\$ 37,473	\$ -	\$ 1,178
1996	26,110	38,452	-	1,173
1997	27,208	38,164	-	1,150
1998	28,831	37,699	-	1,145
1999	31,616	39,259	-	1,075
2000	33,791	38,938	-	844
2001	37,065	43,568	-	639
2002	41,311	40,392	-	415
2003	53,518	45,813	-	897
2004	47,194	40,165	-	1,168

UNIVERSITY OF MEMPHIS

<u>Fiscal Year</u>	<u>Total Fees and Charges</u>	<u>Legislative Appropriations</u>	<u>Prior and Subordinate Debt Service Requirements (Non-Authority)</u>	<u>Debt Service Requirements (Authority Bonds)</u>
1995	\$ 67,576	\$ 88,120	\$ -	\$ 2,444
1996	72,587	90,400	-	2,451
1997	75,167	91,212	-	2,889
1998	80,625	89,924	-	2,991
1999	93,593	93,576	-	3,054
2000	102,186	94,289	-	2,353
2001	114,031	97,499	-	3,777
2002	120,196	99,786	-	6,334
2003	127,638	102,139	-	6,291
2004	128,880	100,602	-	5,609

CHATTANOOGA STATE COMMUNITY COLLEGE

<u>Fiscal Year</u>	<u>Total Fees and Charges</u>	<u>Legislative Appropriations</u>	<u>Prior and Subordinate Debt Service Requirements (Non-Authority)</u>	<u>Debt Service Requirements (Authority Bonds)</u>
1995	\$ 7,961	\$ 17,822	\$ 71	\$ -
1996	8,701	18,284	74	-
1997	9,032	18,514	71	-
1998	9,818	18,589	68	-
1999	10,453	19,602	69	-
2000	11,074	20,234	72	-
2001	11,650	20,684	69	34
2002	12,380	21,233	70	73
2003	13,428	21,108	60	73
2004	11,937	20,979	65	73

COLUMBIA STATE COMMUNITY COLLEGE

<u>Fiscal Year</u>	<u>Total Fees and Charges</u>	<u>Legislative Appropriations</u>	<u>Prior and Subordinate Debt Service Requirements (Non-Authority)</u>	<u>Debt Service Requirements (Authority Bonds)</u>
1995	\$ 4,150	\$ 8,150	\$ -	\$ -
1996	4,605	8,361	-	-
1997	4,966	8,670	-	-
1998	5,753	9,069	-	-
1999	6,615	10,143	-	-
2000	6,836	10,675	-	-
2001	7,294	11,016	-	-
2002	13,136	11,437	-	-
2003	14,921	11,540	-	-
2004	10,799	11,344	-	17

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**TENNESSEE STATE SCHOOL BOND AUTHORITY
HIGHER EDUCATION FACILITIES PROGRAM
SCHEDULE OF FEES/CHARGES, LEGISLATIVE APPROPRIATIONS AND DEBT SERVICE
FOR THE LAST TEN YEARS**

(Expressed in Thousands)

NASHVILLE STATE COMMUNITY COLLEGE

<u>Fiscal Year</u>	<u>Total Fees and Charges</u>	<u>Legislative Appropriations</u>	<u>Prior and Subordinate Debt Service Requirements (Non-Authority)</u>	<u>Debt Service Requirements (Authority Bonds)</u>
1995	\$ 4,019	\$ 9,585	\$ -	\$ -
1996	4,300	9,716	-	-
1997	4,777	9,677	-	-
1998	6,260	9,864	-	-
1999	6,816	11,092	-	-
2000	7,474	11,655	-	-
2001	8,322	12,168	-	-
2002	8,254	12,525	-	13
2003	13,519	13,099	-	13
2004	12,202	12,730	-	13

ROANE STATE COMMUNITY COLLEGE

<u>Fiscal Year</u>	<u>Total Fees and Charges</u>	<u>Legislative Appropriations</u>	<u>Prior and Subordinate Debt Service Requirements (Non-Authority)</u>	<u>Debt Service Requirements (Authority Bonds)</u>
1995	\$ 5,418	\$ 13,177	\$ -	\$ -
1996	5,349	13,509	-	-
1997	5,878	13,649	-	-
1998	6,268	13,441	-	-
1999	6,940	14,254	-	-
2000	7,565	14,879	33	-
2001	7,697	15,524	33	-
2002	8,589	15,771	-	-
2003	9,532	15,779	-	-
2004	7,473	15,518	-	-

STATE TECHNICAL INSTITUTE IN MEMPHIS*

<u>Fiscal Year</u>	<u>Total Fees and Charges</u>	<u>Legislative Appropriations</u>	<u>Prior and Subordinate Debt Service Requirements (Non-Authority)</u>	<u>Debt Service Requirements (Authority Bonds)</u>
1995	\$ 8,853	\$ 17,549	\$ 71	\$ -
1996	9,250	17,988	74	-
1997	9,712	18,174	-	-
1998	9,837	17,898	-	-
1999	9,991	18,527	-	56
2000	10,838	18,464	-	146

SOUTHWEST TENNESSEE COMMUNITY COLLEGE*

<u>Fiscal Year</u>	<u>Total Fees and Charges</u>	<u>Legislative Appropriations</u>	<u>Prior and Subordinate Debt Service Requirements (Non-Authority)</u>	<u>Debt Service Requirements (Authority Bonds)</u>
1995	\$ -	\$ -	\$ -	\$ -
1996	-	-	-	-
1997	-	-	-	-
1998	-	-	-	-
1999	-	-	-	-
2000	-	-	-	-
2001	18,325	34,451	-	146
2002	19,022	35,175	-	179
2003	21,839	34,827	-	179
2004	16,472	34,191	-	179

VOLUNTEER STATE COMMUNITY COLLEGE

<u>Fiscal Year</u>	<u>Total Fees and Charges</u>	<u>Legislative Appropriations</u>	<u>Prior and Subordinate Debt Service Requirements (Non-Authority)</u>	<u>Debt Service Requirements (Authority Bonds)</u>
1995	\$ 10,909	\$ 11,226	\$ -	\$ -
1996	11,309	11,504	-	-
1997	12,855	12,029	-	-
1998	13,046	13,232	-	-
1999	15,088	14,323	-	-
2000	17,843	14,947	-	-
2001	15,567	15,394	-	-
2002	15,060	15,862	-	-
2003	12,941	15,813	-	-
2004	9,395	15,417	-	17

WALTERS STATE COMMUNITY COLLEGE

<u>Fiscal Year</u>	<u>Total Fees and Charges</u>	<u>Legislative Appropriations</u>	<u>Prior and Subordinate Debt Service Requirements (Non-Authority)</u>	<u>Debt Service Requirements (Authority Bonds)</u>
1995	\$ 6,420	\$ 12,018	\$ -	\$ -
1996	6,595	12,308	-	-
1997	7,236	12,658	-	-
1998	8,350	13,132	-	-
1999	8,408	14,265	-	-
2000	9,001	14,767	286	-
2001	10,170	15,173	-	-
2002	17,832	15,595	88	-
2003	20,031	16,045	70	-
2004	20,827	15,821	-	-

* As of July 1, 2000, STIM and Shelby State Community College merged to form Southwest Tennessee Community College.

**TENNESSEE STATE SCHOOL BOND AUTHORITY
QUALIFIED ZONE ACADEMY BOND PROGRAM
DEBT SERVICE COVERAGE
FOR THE LAST FIVE YEARS**

(Expressed in Thousands)

HUMBOLDT CITY SCHOOLS

STATE SHARED TAX OBLIGATIONS

<u>Fiscal Year</u>	<u>QZAB Obligations</u>	<u>Other Pledged Obligations (Non-Authority)</u>	<u>Total Obligations</u>	<u>Prior Year State Shared Taxes</u>	<u>Coverage</u>
2000	\$ -	\$ 203,028	\$ 203,028	\$ 987,351	4.86 x
2001	-	203,028	203,028	1,022,550	5.04 x
2002	-	203,028	203,028	1,150,732	5.67 x
2003	157,688	203,028	360,716	974,979	2.70 x
2004	157,688	203,028	360,716	974,979	2.70 x

KINGSPORT CITY SCHOOLS

STATE SHARED TAX OBLIGATIONS

<u>Fiscal Year</u>	<u>QZAB Obligations</u>	<u>Other Pledged Obligations (Non-Authority)</u>	<u>Total Obligations</u>	<u>Prior Year State Shared Taxes</u>	<u>Coverage</u>
2000	\$ -	\$ -	\$ -	\$ 4,936,183	0.00 x
2001	34,474	-	34,474	4,960,186	143.88 x
2002	34,474	516,318	550,792	5,231,800	9.50 x
2003	34,474	516,318	550,792	5,064,956	9.20 x
2004	34,474	716,736	751,210	5,064,956	6.74 x

KNOX COUNTY SCHOOLS

STATE SHARED TAX OBLIGATIONS

<u>Fiscal Year</u>	<u>QZAB Obligations</u>	<u>Other Pledged Obligations (Non-Authority)</u>	<u>Total Obligations</u>	<u>Prior Year State Shared Taxes</u>	<u>Coverage</u>
2000	\$ -	\$ 5,154	\$ 5,154	\$ 7,669,885	1488.04 x
2001	215,467	5,293	220,760	9,620,232	43.58 x
2002	215,467	-	215,467	7,393,451	34.31 x
2003	215,467	-	215,467	8,561,204	39.73 x
2004	215,467	-	215,467	8,561,204	39.73 x

LINCOLN COUNTY SCHOOLS

STATE SHARED TAX OBLIGATIONS

<u>Fiscal Year</u>	<u>QZAB Obligations</u>	<u>Other Pledged Obligations (Non-Authority)</u>	<u>Total Obligations</u>	<u>Prior Year State Shared Taxes</u>	<u>Coverage</u>
2000	\$ -	\$ -	\$ -	\$ 2,214,402	0.00 x
2001	10,342	-	10,342	2,292,559	221.67 x
2002	10,342	-	10,342	2,344,500	226.70 x
2003	10,342	-	10,342	2,317,281	224.07 x
2004	10,342	-	10,342	2,317,281	224.07 x

MEMPHIS CITY SCHOOLS**STATE SHARED TAX OBLIGATIONS**

<u>Fiscal Year</u>	<u>QZAB Obligations</u>	<u>Other Pledged Obligations (Non-Authority)</u>	<u>Total Obligations</u>	<u>Prior Year State Shared Taxes</u>	<u>Coverage</u>
2000	\$ -	\$ 1,418,240	\$ 1,418,240	\$ 71,766,738	50.60 x
2001	369,372	1,425,894	1,795,266	75,711,759	42.17 x
2002	369,372	1,434,165	1,803,537	78,916,828	43.76 x
2003	844,489	1,434,165	2,278,654	76,878,569	33.74 x
2004	844,489	1,434,165	2,278,654	76,878,569	33.74 x

MONTGOMERY COUNTY SCHOOLS**STATE SHARED TAX OBLIGATIONS**

<u>Fiscal Year</u>	<u>QZAB Obligations</u>	<u>Other Pledged Obligations (Non-Authority)</u>	<u>Total Obligations</u>	<u>Prior Year State Shared Taxes</u>	<u>Coverage</u>
2000	\$ -	\$ -	\$ -	\$ 3,280,145	0.00 x
2001	-	-	-	3,503,975	0.00 x
2002	-	-	-	3,575,661	0.00 x
2003	176,481	-	176,481	3,556,199	20.15 x
2004	176,481	-	176,481	3,556,199	20.15 x

OAK RIDGE CITY SCHOOLS**STATE SHARED TAX OBLIGATIONS**

<u>Fiscal Year</u>	<u>QZAB Obligations</u>	<u>Other Pledged Obligations (Non-Authority)</u>	<u>Total Obligations</u>	<u>Prior Year State Shared Taxes</u>	<u>Coverage</u>
2000	\$ -	\$ -	\$ -	\$ -	0.00 x
2001	-	-	-	-	0.00 x
2002	-	-	-	-	0.00 x
2003	-	-	-	-	0.00 x
2004	-	716,736	716,736	3,098,473	4.32 x

RHEA COUNTY SCHOOLS**STATE SHARED TAX OBLIGATIONS**

<u>Fiscal Year</u>	<u>QZAB Obligations</u>	<u>Other Pledged Obligations (Non-Authority)</u>	<u>Total Obligations</u>	<u>Prior Year State Shared Taxes</u>	<u>Coverage</u>
2000	\$ -	\$ -	\$ -	\$ 2,145,497	0.00 x
2001	77,568	-	77,568	2,160,862	27.86 x
2002	77,568	-	77,568	2,219,179	28.61 x
2003	77,568	-	77,568	2,208,385	28.47 x
2004	77,568	-	77,568	2,208,385	28.47 x

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**TENNESSEE STATE SCHOOL BOND AUTHORITY
QUALIFIED ZONE ACADEMY BOND PROGRAM
DEBT SERVICE COVERAGE
FOR THE LAST FIVE YEARS**

(Expressed in Thousands)

SCOTT COUNTY SCHOOLS

STATE SHARED TAX OBLIGATIONS

<u>Fiscal Year</u>	<u>QZAB Obligations</u>	<u>Other Pledged Obligations (Non-Authority)</u>	<u>Total Obligations</u>	<u>Prior Year State Shared Taxes</u>	<u>Coverage</u>
2000	\$ -	\$ -	\$ -	\$ 1,963,312	0.00 x
2001	-	-	-	2,036,463	0.00 x
2002	71,206	-	71,206	2,104,216	29.55 x
2003	115,000	-	115,000	2,089,600	18.17 x
2004	140,000	-	140,000	2,089,600	14.93 x

UNICOI COUNTY SCHOOLS

STATE SHARED TAX OBLIGATIONS

<u>Fiscal Year</u>	<u>QZAB Obligations</u>	<u>Other Pledged Obligations (Non-Authority)</u>	<u>Total Obligations</u>	<u>Prior Year State Shared Taxes</u>	<u>Coverage</u>
2000	\$ -	\$ -	\$ -	\$ 1,434,645	0.00 x
2001	-	3,597	3,597	1,449,412	402.95 x
2002	-	15,235	15,235	1,472,841	96.67 x
2003	-	-	-	1,489,426	0.00 x
2004	73,689	-	73,689	1,489,426	20.21 x

Note: The first QZAB bond was issued in November 30, 1999.

Source: Data on State-Shared Taxes is provided provided by Tennessee Department of Revenue.

**TENNESSEE STATE SCHOOL BOND AUTHORITY
FALL TERM FULL-TIME EQUIVALENT ENROLLMENT
HIGHER EDUCATION FACILITIES INSTITUTIONS
FOR THE LAST TEN YEARS**

Institution	1994	1995	1996	1997	1998	1999	Four Year Institutions				2003	2004	% Change		
							2000	2001	2002	2003			2003-04	1999-04	1994-04
APSU	5,740	5,763	6,072	5,968	5,816	5,721	5,671	5,769	6,079	6,278	6,939	10.5%	21.3%	20.9%	
ETSU**	9,312	9,355	9,450	9,549	9,792	9,638	9,364	9,507	9,664	9,936	10,070	1.4%	4.5%	8.1%	
MTSU	14,226	14,504	14,916	15,455	15,655	16,173	16,339	17,125	18,151	18,735	19,037	1.6%	17.7%	33.8%	
TSU	6,438	6,787	7,007	7,168	7,383	7,629	7,431	7,425	7,703	7,716	7,662	-0.7%	0.4%	19.0%	
TTU	7,353	7,303	7,230	7,287	7,112	7,227	7,212	7,327	7,554	7,509	7,559	0.7%	4.6%	2.8%	
UM	15,177	15,495	15,001	15,452	15,771	15,909	15,613	15,890	15,696	15,720	16,128	2.6%	1.4%	6.3%	
TBR Total	58,245	59,207	59,676	60,879	61,529	62,298	61,629	63,043	64,846	65,894	67,394	2.3%	8.2%	15.7%	
UTC	6,438	6,540	6,608	6,816	7,040	7,019	6,832	6,955	7,050	7,138	7,326	2.6%	4.4%	13.8%	
UTK*	21,575	21,454	21,528	21,819	22,476	23,277	22,960	23,183	23,221	22,730	23,141	1.8%	-0.6%	7.3%	
UTM	5,308	5,497	5,376	5,607	5,480	5,278	5,324	5,379	5,311	5,265	5,570	5.8%	5.5%	4.9%	
UTMHSC	1,923	1,950	1,962	1,949	2,024	2,023	1,999	1,949	1,977	2,008	2,062	2.7%	1.9%	7.3%	
UT Total	35,244	35,441	35,475	36,191	37,020	37,597	37,115	37,466	37,559	37,141	38,099	2.6%	1.3%	8.1%	
Total 4 Yr	93,489	94,647	95,151	97,070	98,549	99,895	98,744	100,509	102,404	103,035	105,494	2.4%	5.6%	12.8%	
Two-Year Institutions															
CSTCC	5,144	4,982	5,427	5,227	5,140	5,038	4,832	5,269	5,264	5,186	5,124	-1.2%	1.7%	-0.4%	
CLSCC	1,929	2,204	2,111	2,376	2,176	2,158	2,083	2,318	2,200	2,224	2,088	-6.1%	-3.3%	8.3%	
COSCC	2,331	2,501	2,639	2,820	2,947	2,906	2,788	2,984	3,108	3,082	3,145	2.1%	8.2%	35.0%	
DSCC	1,380	1,373	1,531	1,533	1,522	1,435	1,563	1,577	1,657	1,819	1,770	-2.7%	23.3%	28.2%	
JSCC	2,088	2,155	2,223	2,328	2,416	2,548	2,514	2,658	2,713	2,743	2,702	-1.5%	6.1%	29.4%	
MSCC	2,133	2,077	2,116	2,287	2,273	2,221	2,199	2,441	2,556	2,436	2,465	1.2%	11.0%	15.5%	
NSTCC	2,372	2,314	2,459	2,422	2,513	2,601	2,607	2,879	2,968	3,112	3,334	7.2%	28.2%	40.6%	
NSCC	2,749	2,778	3,112	3,357	3,492	3,527	3,548	3,631	3,757	3,769	3,889	3.2%	10.3%	41.4%	
PSTCC	4,866	4,768	5,003	5,217	5,258	5,080	5,079	5,151	5,208	5,013	4,963	-1.0%	-2.3%	2.0%	
RSCC	3,614	3,591	3,688	3,720	3,675	3,797	3,474	3,647	3,767	3,775	3,850	2.0%	1.4%	6.5%	
SSCC	4,189	3,998	3,740	3,193	2,887	2,805	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
STIM	5,227	5,022	4,900	4,660	4,472	4,532	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
STCC***	9,416	9,019	8,640	7,852	7,359	7,338	7,059	7,743	7,141	7,361	7,561	2.7%	3.1%	-19.7%	
VSCC	3,783	3,904	4,129	4,236	4,198	4,107	4,138	4,295	4,525	4,426	4,483	1.3%	9.2%	18.5%	
WSCC	3,602	3,507	3,731	3,807	3,666	3,594	3,665	3,909	3,867	4,067	3,864	-5.0%	7.5%	7.3%	
Total 2 Yr	45,407	45,174	46,809	47,181	46,635	46,349	45,550	48,502	48,729	49,013	49,238	0.5%	6.2%	8.4%	
Grand Total	138,896	139,822	141,960	144,251	145,184	146,244	144,294	149,011	151,133	152,048	154,732	1.8%	5.8%	11.4%	

*Includes UT Space Institute and UT Veterinary College

**Includes ETSU Medical School

***Contains combined totals for STIM and SSCC from 1990-99

ACKNOWLEDGMENTS

DIVISION OF BOND FINANCE

MARY-MARGARET COLLIER*

JACQUELINE FELLAND*

JOSEPH WILLIAMS*

PAT HAAS*

BECKY HARRELL*

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